

12. Orphan Works

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Summary

12.1 The fair use exception may be used to determine whether a use of an orphan work infringes copyright. However, where such a use is found not to be fair and infringes copyright, the remedies for infringement should in some circumstances be limited.

12.2 The ALRC proposes that the *Copyright Act 1968* (Cth) be amended to provide that remedies available for copyright infringement be limited where a defendant establishes that the work in question was an orphan work, and a ‘reasonably diligent search’ was conducted for the rights holder and the rights holder was not found.

12.3 What constitutes a ‘reasonably diligent search’ may change as new technologies, databases, registers and services emerge. The *Copyright Act* should therefore not set out precisely what constitutes a reasonable search, nor provide that only declared bodies may conduct such searches. Rather, the *Copyright Act* should provide that a number of factors may be considered in determining whether a reasonably diligent search has been conducted.

12.4 In Chapter 11 the ALRC discusses amending the *Copyright Act* to facilitate extended collective licensing for mass digitisation projects. If collecting societies offer licences for the use of orphan works, some users may prefer to obtain such licences, rather than rely on a provision limiting the remedies available to the rights holder.

Scope of the orphan works problem

12.5 Orphan works are copyright material where an owner cannot be identified or located by someone wishing to obtain rights to use the work.¹ Use of orphan works may constitute copyright infringement unless the use is covered by an exception or other defence, such as fair use.

12.6 While orphan works are normally associated with older ‘analog’ works, the problem also arises in the digital environment where works are often placed online without identifying rights information. The ALRC heard that photographs are susceptible to being ‘orphaned’ due to rights information being removed when placed online.²

12.7 Submissions received from the galleries, libraries, archives and museum sector emphasised the scale of the orphan works problem. For example, the National Library Australia (NLA) estimated that it has some 2,041,720 unpublished items in its collection, a significant number of which are orphan[ed] works.³ The result of a survey of members of the Australian Digital Alliance and the Australian Libraries Copyright Committee (ADA and ALCC) indicated that library collections comprise between 10% and 70% unpublished orphan works.⁴

12.8 A number of museums also indicated that a substantial number of orphan works reside in their collections.⁵ The Council of Australian Museum Directors (CAMD) noted that orphan works ‘in some collections are virtually invisible to the public as well as academic historians and researchers, which fosters significant gaps in knowledge and impedes scholarly research’.⁶

12.9 Public broadcasters—the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS)—also drew attention to the problems of using orphan works in derivative works. The ABC noted that it ‘frequently confronts situations in which copyright clearances are required for orphan works, particularly in relation to literary works’.⁷ Free TV Australia also observed that broadcasters had

1 See, United States Copyright Office, *Report on Orphan Works* (2006), 1. For example, the copyright owner may be deceased, the publisher who owns the copyright may now be defunct, or there is no data that identifies the author of the work.

2 Copyright Agency/Viscopy, *Submission 249*; Australian Copyright Council, *Submission 219*; ALPSP, *Submission 199*.

3 The National Library of Australia’s survey of 800 works held in the library, selected to cover a range of dates and creation formats, found that 12.9% had ‘copyright undetermined’ status in its rights management system. The Library’s submission also refers to other examples where: the copyright owner was untraceable; there was no response from the owner; and a work was ‘unorphaned’, bringing the owner and the copyright material together: National Library of Australia, *Submission 218*.

4 See ADA and ALCC, *Submission 213*. The survey did not include published works, and among the types of works that were orphaned, photographs were the most common.

5 National Gallery of Victoria, *Submission 142*; Powerhouse Museum, *Submission 137*; Art Gallery of New South Wales (AGNSW), *Submission 111*.

6 CAMD, *Submission 236*.

7 Australian Broadcasting Corporation, *Submission 210*.

problems using archival material such as audio-visual footage or photographs where the owner could not be found.⁸

12.10 Stakeholders suggested that the orphan works problem has been exacerbated by extensions to the term of copyright and by prohibitions on imposing formalities, such as registration of works, in international agreements.⁹

12.11 The inability to use orphan works means that their productive and beneficial uses are lost.¹⁰ The Australian Attorney-General's Department review of orphan works (the AGD orphan works review) noted that

there are numerous potential benefits of enabling orphan works to be used more readily. For example, these works could contribute to research, education, culture and to the creation of further transformative works. These works could also be used for commercial purposes, thus increasing the already considerable contribution of copyright industries to the Australian economy.¹¹

12.12 The AGD orphan works review also pointed out that orphan works affect a wide range of owners and users including: information technology companies, Indigenous creators, news and print media, composers, photographers and web-based creators.¹²

12.13 While the public interest in dissemination and use of orphan works underpins the ALRC's reform approach in this area, reform must also acknowledge and respect authorship and creation.¹³ The ALRC's proposed reforms are intended to:

- increase the quantities and types of orphan works available for use;
- ensure that rights holders are adequately compensated;
- promote efficiency and reduce unnecessary burdens on users and public and cultural institutions;
- be cost effective; and
- be compliant with Australia's international obligations.¹⁴

8 Free TV Australia, *Submission 270*.

9 *Berne Convention for the Protection of Literary and Artistic Works (Paris Act)*, opened for signature 24 July 1971, [1978] ATS 5 (entered into force on 15 December 1972) art 5. See also Pirate Party Australia, *Submission 223*; ADA and ALCC, *Submission 213*; NSW Young Lawyers, *Submission 195*. As discussed in Ch 12, some stakeholders seek amendments to reduce the term of copyright for unpublished works.

10 See, eg, United States Copyright Office, *Report on Orphan Works* (2006), 15. Orphan works are 'the starkest failure of the copyright system to adapt' and that the system is 'locking away millions of works' in public libraries and archives: I Hargreaves, *Digital Opportunity: A Review of Intellectual Property and Growth* (2011), 38. Similar comments were made in submissions from Universities Australia, *Submission 246*; IASTMP, *Submission 200*; NSW Young Lawyers, *Submission 195*.

11 Australian Attorney-General's Department, *Works of Untraceable Copyright Ownership—Orphan Works: Balancing the Rights of Owners with Access to Works* (2012), 3.

12 *Ibid.*, Attachment B.

13 See Ch 2.

14 These principles are broadly in line with those expressed in the AGD orphan works review.

Current law

12.14 There is no specific exception in the *Copyright Act* for the use of orphan works. Without an exception or appropriate licensing solution, an orphan work cannot be used until it falls into the public domain at the end of the copyright term.

12.15 However, orphan works may be used when covered by a fair dealing exception or a statutory licence. For example, the statutory licences under pts VA and VB of the *Copyright Act* allow the copying and communication of materials for education, whether or not they are orphaned, subject to the payment of reasonable remuneration to a declared collecting society. Cultural institutions that are covered by a government statutory licence under s 183 may copy orphan works for government purposes.¹⁵

12.16 Libraries, archives and educational institutions may also use orphan works for socially useful purposes under s 200AB. However, as noted in Ch 12, s 200AB has rarely been used to deal with orphan works primarily because of the uncertainty in the language of the section.¹⁶ Some users have taken a ‘risk management’ approach, for example, by undertaking a diligent search before using an orphan work.¹⁷

International comparisons

12.17 In other jurisdictions, a number of different models exist, or have been proposed to deal with orphan works. The ALRC has been informed by these models in formulating its proposal.

Limitations on remedies after diligent search

12.18 In 2006, the US Copyright Office’s *Orphan Works Report* recommended limitations on statutory remedies against those who made use of an orphan work after having conducted a good faith, ‘reasonably diligent search’.¹⁸ This is broadly in line with the ALRC’s proposals later in this chapter.

12.19 The Copyright Office did not seek to define what ought to be a ‘reasonably diligent search’. Rather, it acknowledged that the search standard was ‘very general’ and favoured ‘the development of guidelines’ by users and stakeholders.¹⁹ It was argued that a truly ‘ad hoc’ system—where users simply conduct a reasonable search and then commence use, without formality—is most efficient.²⁰

15 Copyright Agency/Viscopy, *Submission 249*.

16 See eg CAMD, *Submission 236*; Art Gallery of New South Wales (AGNSW), *Submission 111*.

17 The National Gallery of Victoria advised that ‘where it has not been possible to clear copyright, we have published the orphan work and invited the copyright holders to contact the NGV. We would much rather publish these works than risk them being unknown to the public’: National Gallery of Victoria, *Submission 142*.

18 United States Copyright Office, *Report on Orphan Works* (2006), 92.

19 *Ibid*, 108–10.

20 *Ibid*, 113.

12.20 Where a user had conducted a reasonably diligent search, the liability for infringement is limited to ‘reasonable compensation’, rather than statutory damages.²¹ In most cases, reasonable compensation would be the amount a user would have paid to the owner had they engaged in negotiations before the infringing use commenced.²² The term ‘reasonable’ imports the notion that some uses may attract a zero or low royalty payment.

12.21 No relief is available for non-commercial uses of orphan works, provided that the user ceased using the work expeditiously upon receiving an infringement notice.²³ Future uses of the work would be the subject of negotiations between the parties.

12.22 It was recommended that injunctive relief be limited in two ways. First, where a user has made a derivative use of an orphan work that also includes ‘substantial expression’ of the user—such as incorporating it into another work—a court would not restrain its use.²⁴ Rather, the user is to pay ‘reasonable compensation’ for use of the orphan work, and is required to adequately attribute the work.²⁵ If a work is used without transforming the content, a full injunction is still available, but a court would take into account and accommodate the interest of the user that might be harmed by an injunction.²⁶

12.23 The Office emphasised that an orphan works solution should not act as a replacement or substitute for fair use:

The user of an orphan work should consider whether her use might fall within fair use, or curtailing her use in a way to have it more clearly fall within the exemption, in addition to or in lieu of reliance on any orphan works provision.²⁷

12.24 Part of the reasoning for a legislative solution was that many stakeholders to that inquiry expressed a view that the ‘uncertain nature of fair use and the idea/expression dichotomy’ contributes to a user’s hesitation in using orphan works, even in cases that seem to ‘fall squarely within classic fair use situations’.²⁸

12.25 Despite a number of Bills before Congress to implement the Copyright Office’s proposals, these were not passed.²⁹ The drafters of the Bills grappled with particular issues, including: recognising and accounting for the concerns of photographers; the

21 In cases of infringement, US courts may award statutory damages ranging from \$750 to \$30,000 in respect of any one work: *Copyright Act 1976* (US) s 504(c)(1).

22 United States Copyright Office, *Report on Orphan Works* (2006), 116. It was suggested that the onus is on the owner to demonstrate that the work had a fair ‘market value’. It was not enough for the owner to assert the amount it would have been licensed for ex-post.

23 Under 17 USC § 504 (c) a court can, instead of awarding actual damages, award statutory damages that can range between \$750 to \$ 30,000 in respect of any one work.

24 The term ‘significant expression’ is intended to exclude situations where the work is simply put into a collection of other works, like an electronic database: United States Copyright Office, *Report on Orphan Works* (2006), 120.

25 *Ibid.*, 119–121.

26 United States Copyright Office, *Report on Orphan Works* (2006), 120.

27 *Ibid.*, 56.

28 *Ibid.*, 57.

29 These included: *Orphan Works Act of 2006*, H.R. 5439, 109th Cong. (2006); *Orphan Works Act of 2008*, H.R. 5589, 110th Cong (2008); and *Shawn-Bentley Orphan Works Act of 2008* S. 2193 (2008).

contours of a ‘reasonably diligent search’ and the role of searchable electronic databases.³⁰

12.26 In late 2012, the Copyright Office launched a further inquiry into orphan works, seeking to find answers regarding the ‘current state of play for orphan works’ and ‘what has changed in the legal and business environments in the last few years that might be relevant to a resolution of the problem and what additional legislative, regulatory, or voluntary solutions deserve deliberation’.³¹

12.27 Submissions to date have emphasised that a ‘reasonably diligent search’ is the appropriate test to determine whether the user of an orphan work is entitled to protection. Many stakeholders have also called for the establishment of a copyright register, which may help identify owners of orphan works.

European Directive on certain permitted uses of orphan works

12.28 In October 2012, the European Union adopted its Directive on Certain Permitted Uses of Orphan Works. Member states are required to implement the Directive in national legislation by 29 October 2014. In short, the Directive allows publicly accessible cultural institutions to reproduce and communicate orphan works in furtherance of their public interest mission.³² The Directive only applies in respect of certain types of work held by institutions: text; audiovisual and cinematographic works; and phonograms that are first published or broadcast within an EU member state.³³ Photographs are only covered to the extent that they are incorporated into other works.

12.29 Orphan works can only be used after the institution conducts a ‘reasonably diligent search’. The Directive leaves discretion for member states to determine the sources that are appropriate to include in diligent search criteria for each category of work.³⁴ It also leaves open the possibility to allow external organisations to conduct a diligent search for a fee.³⁵

12.30 Importantly, the Directive establishes a central EU orphan works register and requires reciprocal recognition of orphan work status across member states. Results of a diligent search are recorded and provided to a competent national authority and made

30 For example, the *Orphan Works Act of 2006* required users to document their search, and proposed that that the Copyright Office set out authoritative information on search tools and that legislation should list indicative factors to guide the search. See, B Yeh, *CRS Report for Congress: “Orphan Works in Copyright Law”* (2008).

31 Federal Register 6455 Vol 77, No 204 (Monday October 22).

32 *Directive 2012/28 of the European Parliament and of the Council of 25 October 2012 on Certain Permitted Uses of Orphan Works* arts 2(1) & 3(1). These public institutions include libraries, educational establishments and museums, archives, film and audio heritage institutions, and public service broadcasting institutions.

33 *Ibid* art 1.

34 *Ibid* art 3(2).

35 *Ibid* art 3(1) and recital 13.

available on a publicly accessible online database to be established and managed by the European Commission's Office for Harmonization in the Internal Market.³⁶

12.31 The Directive directs that rights holder should, at any time, be able to put an end to the orphan work status insofar as their rights are concerned. Fair compensation is then due to the rights holder. Again, the member states retain the discretion to determine the circumstances under which compensation may be organised.³⁷

Centralised licensing

12.32 Since 1998, users in Canada can petition the Copyright Board of Canada for a non-exclusive licence to use an orphan work, after 'reasonable efforts' have been made to locate the copyright owner.³⁸ The orphan work must be one that is published or fixed.³⁹

12.33 The Board works closely with the Canadian Copyright Licensing Agency (CCLA) in setting the royalty fee and the terms and conditions of the licence.⁴⁰ Royalties collected are held in a fund for five years after the expiration of the licence for collection by the copyright owner.⁴¹ If the royalty is not collected, the Board will allow the CCLA to dispose of the fee to its members as it sees fit.⁴² Since it was enacted in 1998, the Board has opened 411 files relating to a total of 12,640 orphan works.⁴³ Similar systems are in place in Japan, South Korea, and India.⁴⁴

12.34 In the UK, the Hargreaves Review recommended that the government should legislate to enable clearance procedures for use of individual works, based upon a diligent search.⁴⁵ In response, the UK government announced that it would introduce legislation to enable the use of orphan works after a diligent search confirmed by an independent authorising body.⁴⁶ The proposal is similar to the Canadian model.

12.35 Passage of the *Enterprise and Regulatory Reform Act 2013* (UK) will allow an independent body to license, for commercial and non-commercial use, individual orphan works, subject to a diligent search.⁴⁷

36 Ibid art 5—organisations are to also provide information about the use the organisation is to make of the orphan work, any change to the orphan work status and relevant contact information of the organisations concerned.

37 Ibid art 6(5).

38 *Copyright Act 1985 (Can)* s 77.

39 Ibid. The *Copyright Act 1985 (Can)* requires that orphan works and sound recordings be 'published' and performances and communication signals to be 'fixed'.

40 *Copyright Act 1985 (Can)* s 77(2).

41 Ibid s 77(3).

42 Ibid.

43 See J de Beer and M Bouchard, *Canada's "Orphan Works" Regime: Unlocatable Copyright Owners and the Copyright Board* (2009), 31–32.

44 See *Copyright Act 1970* (Japan) s 67; *Copyright Act 1967* (South Korea) s 47; *Copyright Act 1957* (India) s 31(A).

45 I Hargreaves, *Digital Opportunity: A Review of Intellectual Property and Growth* (2011), 39–40.

46 UK Government, *Government Policy Statement: Consultation on Modernising Copyright* (2012), 8.

47 See *Enterprise and Regulatory Reform Act 2013* (UK) pt 6. A new s 116A will be inserted into the *Copyright, Designs and Patents Act 1988* (UK) that allows the Secretary to approve an independent body to license orphan works.

12.36 The regulations are to provide that, for a work to qualify as an orphan work, ‘it is a requirement that the owner of copyright in it has not been found after a diligent search made in accordance with the regulations’.⁴⁸ The Intellectual Property Office argued that allowing persons to obtain permission to use orphan works after up-front payment and following a diligent search:

should enable the use of orphan works; reduce legal uncertainty for users of orphan works; ensure that rights holders can see what content is being used; and give returning rights holders easy access to any fees that have been paid.⁴⁹

12.37 It is envisaged that the independent body would maintain a registry of orphan works, set fees, levy fees, approve third parties who wish to use the orphan works, ensure that diligent searches are undertaken and approve individual cases.⁵⁰ The independent body will not validate individual diligent searches. Rather, it ‘would regularly test the quality of searching and the methods of accredited institutions through a sampling approach—where they take a sample of diligent searches to ensure that the quality of the search is sufficient’.⁵¹ The estimated cost of setting up such a scheme is said to be between £2.5m and £10.5m.⁵²

12.38 Opposition to the legislative changes have come from a range of actors, most notably from the photography industry.⁵³ For example, a briefing paper signed by 70 organisations representing photographers argued that under the scheme proposed, photographers’ livelihoods will be jeopardised because of the ‘de facto standard rate set by those schemes for the use of particular types of works, and it will be more difficult for individuals to negotiate higher rates where the quality and nature of their work justifies it’.⁵⁴

12.39 In Australia, copyright academics Professors David Brennan and Michael Fraser have proposed a ‘non-commercial use exception for natural persons using unpublished subject matter derived from lawfully obtained material’.⁵⁵ The proposed exception would apply where the relevant copyright owner is not able to be located after a ‘diligent search’.⁵⁶ A similar suggestion has been proposed by the Copyright Council Expert’s Group.⁵⁷

12.40 Brennan and Fraser also propose a broader exception for published material where there are missing owners. The model is akin to a centralised licensing system:

48 *Copyright, Designs and Patents Act 1988* (UK).

49 Intellectual Property Office, *Orphan Works Impact Statement: BIS 1063* (2012), 3.

50 *Ibid.*

51 *Ibid.*, 5.

52 *Ibid.*, 6. Equivalent to \$3.9m—\$16.3m (at 21 May 2013).

53 British Journal of Photography, *Photography Industry Shows Mass Opposition to Government Copyright Changes* (2013) <www.bjp-online.com/> at 25 February 2013.

54 *Ibid.* See also Stop43 and others, *Briefing for Members of House of Lords Second Reading Debate Enterprise & Regulatory Reform Bill* (2012).

55 D Brennan and M Fraser, *The Use of Subject Matter with Missing Owners—Australian Copyright Policy Options* (2012), 7.

56 *Ibid.* The authors also argue that the exception should apply only to economic rights and not moral rights, or rights found in other legal regimes.

57 Copyright Council Expert Group, *Directions in Copyright Reform in Australia* (2011), 8–9.

- A ‘diligent search’ must be conducted and then a notice must be lodged with a declared collecting society. Once accepted, the work would be placed on an orphan works register. If an owner comes forward within three months, no exception would apply in favour of the user.
- If the copyright owner does not present within three months, but supplies a warranty of ownership to the collecting society within three years, the remedies available to the owner are limited in the event that an action is brought against the user.
- If the copyright owner does not supply a warranty to the collecting society within the three years, the owner’s sole enforcement rights would be through a compulsory licence administered by the collecting society.⁵⁸

12.41 The proposed exception under this model seeks to balance user accountability, predictability for users and fairness to rights holders.⁵⁹ This model received some support from stakeholders.⁶⁰

Extended collective licensing

12.42 Several Nordic countries use extended collective licensing schemes that allow users to pay licence fees to a collecting society comprising a ‘substantial number’ of rights holders of a certain type of works.⁶¹ A feature of extended collective licensing schemes is that the collecting societies are authorised by statute to grant licences on behalf of the copyright owner, even where the owner is not a member of the collective.⁶² Some rules allow copyright owners the option to ‘opt-out’ of the system and instead deal directly with licensees.⁶³

12.43 Under extended collective licensing schemes, a licence is granted for specific purposes and gives users a degree of certainty that their use will not risk infringement. However, to the extent that some owners have opted out, the system does not provide complete certainty to prospective users.

12.44 In the UK, the *Enterprise and Regulatory Reform Act* will also provide for voluntary extended collective licensing. It will allow appointed authorised licensing bodies, for certain class of materials, to grant copyright licences in respect of works in which copyright is not owned by the body or a person on whose behalf the body acts. The regulations will provide an ‘opt out’ provision for the copyright owner.

58 D Brennan and M Fraser, *The Use of Subject Matter with Missing Owners—Australian Copyright Policy Options* (2012), 9–12.

59 Ibid.

60 Screenrights, *Submission 215*; APRA/AMCOS, *Submission 247*. However, APRA/AMCOS did not agree that the model should extend to intermediaries or service providers.

61 See J Axham and L Guibault, *Cross-broder extended collective licensing: a solution to online dissemination of Europe’s cultural heritage?* (2011), prepared for EuropeanConnect, 25–59 for an outline of extended collective licensing in Nordic Countries.

62 For example, *The Consolidated Act on Copyright 2010* (Denmark) ss 51(i)–(iii) prescribes that remuneration under an ECL extends to unrepresented right holders who are: not members of the collective, foreign rights holders and dead authors.

63 For example, *The Consolidated Act on Copyright 2010* (Denmark) ss 24A, 30, 30A, 35, 50.

Licensing orphan works

12.45 In the ALRC's view, users should not be required to obtain a licence before using an orphan work in all circumstances. This would be inefficient and burdensome on individual and institutional users, and would overly inhibit the use of orphan works.

12.46 Some centralised or collective licensing models require users to pay a fee to collecting societies before using an orphan work. Some stakeholders submitted that without requiring up-front payment, the market for other non-orphan works would be harmed.⁶⁴

12.47 For example, Copyright Agency/Viscopy suggested that collective licensing is preferred on the basis that 'there should be no benefit to a licensee in choosing to use an orphan rather than equally suitable identified work'.⁶⁵ It proposed a model under which a licence to use an orphan work could be granted by a collecting society, but only if an equally suitable licensed work was not available.⁶⁶ Upon payment of the licence fee, Copyright Agency/Viscopy would undertake to search for the rights holder. If the rights holder is found and wants to licence the work, the licence fee will be paid to the rights holder, less the search cost. Alternatively, if the rights holder does not want to licence the work, the licence fee is refunded to the user less the cost of the search.

12.48 Where the rights holder is not found, the licence fee would be held in trust for a specified period to allow the rights holder to be identified. If identified, the rights holder receives the fee, less the reasonable administrative fees of the collecting society. If the rights holder is not identified within the period, the licence fee is used for the benefit of rights holders in the same class (for example, photographers), provided the collecting society has done a proportionate search.⁶⁷

12.49 The Music Council of Australia suggested that up-front payment was preferred 'rather than create uncertainty where the copyright owner might have to seek payment in the future, once the work has already been used'.⁶⁸

12.50 Wiley and Sons proposed a model similar to the UK, with a licensing body or bodies appointed to operate an orphan works scheme. It suggested that 'the cost of the scheme would be covered by reasonable subvention from licensing fees, with the balance held in a secure escrow account'.⁶⁹ In granting the licence, the user would be indemnified by the authority against future action by the rights holder, and the licence could not be terminated by the rights holder when they come forward.⁷⁰

64 The Association of Learned and Professional Society Publishers argued that an exception that allows the use of orphan works without payment 'would naturally make orphan works more attractive than other copyright works that the same user may have to pay for the use of, photographs being a prime example. This puts other creators at a disadvantage and creates an unfair marketplace': ALPSP, *Submission 199*.

65 Copyright Agency/Viscopy, *Submission 249*.

66 The value of the licence would be assessed having regard to 'a normal fee charged for such use'.

67 Copyright Agency/Viscopy, *Submission 249*.

68 Music Council of Australia, *Submission 269*.

69 John Wiley & Sons, *Submission 239*.

70 *Ibid.*

12.51 There was also some support for a statutory licence. The SBS was open to a statutory licence provided that it was ‘efficient and tailored to particular industry needs’ and should be in addition to a limitation on remedies after a diligent search.⁷¹ The University of Sydney also suggested a statutory licence could ‘ensure that important research and dissemination of information for the public good is not impeded by legal uncertainty’.⁷² Pearson/Penguin said that it would support a scheme under which, after a duly diligent search, a licence is granted ‘at low cost, with any rights holder coming forward retaining the right to royalties and subsequent control over use of the work’.

12.52 A narrower statutory licence was suggested by Professor Jock Given—based on a diligent search model—but limited to works of a certain age. Under the model proposed, an orphan works scheme would ‘be limited to works created, published or deposited in an archive’ a number of years ago—cautiously 50 years or, more expansively, at the ‘open access period’ prescribed in the *Archives Act 1983* (Cth).⁷³ If a rights holder comes forward within a reasonable time after re-use of the work, he or she should be entitled to equitable remuneration.⁷⁴

12.53 A number of stakeholders submitted that requiring up-front payment of a licence fee to a centralised body or collecting society when there is no guarantee or little likelihood that the money will find its way to the copyright holder is problematic.⁷⁵ As the CSIRO argued:

The suggestion that a licence fee would be paid to a collecting society seems strange where the issue is the identity of the recipient. Disbursement of money after a period to members of the collecting society seems unfair to the user of material who may claim to be entitled to a refund or to be obliged simply to agree to pay a reasonable royalty should the correct rights holder be identified.⁷⁶

12.54 Even where the money is held in an escrow account and redistributed to other copyright holders, the recipients may have no great connection with the orphan work. This does not appear consistent with the purpose of copyright; to remunerate the author of the work and provide an incentive to create. Similarly, the AGD orphan works review has cautioned that

There are policy questions about whether it would be appropriate to confer the rights of orphan works owners on collection societies and other representative bodies, which may prioritise corporate advantages ahead of author and user interests.⁷⁷

12.55 Further, up-front payment does not account for the fact that some orphan works were never intended to be commercially exploited, such as those donated to public

71 SBS, *Submission 237*.

72 University of Sydney, *Submission 275*.

73 J Given, *Submission 185*.

74 *Ibid.*

75 CAMD, *Submission 236*; State Records NSW, *Submission 160*; National Archives of Australia, *Submission 155*; National Gallery of Victoria, *Submission 142*; Powerhouse Museum, *Submission 137*; Art Gallery of New South Wales (AGNSW), *Submission 111*; H Rundle, *Submission 90*.

76 CSIRO, *Submission 242*.

77 Australian Attorney-General's Department, *Works of Untraceable Copyright Ownership—Orphan Works: Balancing the Rights of Owners with Access to Works* (2012).

libraries or archives. Both fair use and the ALRC's proposed limitation on remedies approach take into account the nature of the work, and whether it is used for non-commercial purposes.

12.56 The ALRC queries whether a centralised licensing system would be an efficient and cost-effective measure to facilitate the use of orphan works, without burdening cultural institutions and users. For example, commentators have criticised the Canadian system as being an expensive and lengthy process, and for which only a small amount of licences have been granted over a long period of time.⁷⁸

12.57 There would be also large transaction costs in setting up a centralised licensing system, and there are questions as to how centralised licensing might operate in practice.

Fair use

12.58 Use of orphan works may in some circumstances be fair, under the fair use exception proposed in Chapter 4. Cultural institutions may be more likely to rely on a fair use exception, including when using orphan works, than the current exception in s 200AB.⁷⁹

12.59 Cultural institutions have submitted to the current US Copyright Office's Inquiry that the fair use exception is now more certain than it once was, and that further legislative reform to enable the use of orphan works may not be necessary for cultural institutions. For example, the Library Copyright Alliance has written:

we are convinced that libraries no longer need legislative reform in order to make appropriate uses of orphan works. However, we understand that other communities may not feel comfortable relying on fair use and may find merit in an approach based on limiting remedies if the user performed a reasonably diligent search for the copyright owner prior to use.⁸⁰

12.60 Professor Jennifer Urban argues that fair use provides a partial solution to the orphan works problem for libraries and archives that digitise and communicate orphan works for non-commercial reasons. She argues that:

78 See D Khong, 'Orphan Works, Abandonware and the Missing Market for Copyrighted Goods' 15 *International Journal of Law and Information Technology* 54, 75; J de Beer and M Bouchard, *Canada's "Orphan Works" Regime: Unlocatable Copyright Owners and the Copyright Board* (2009) noting that between 1988 and 2009 only 441 applications have been filed in relation to 12,640 orphan works, and only 230 licences were granted. The ADA and ALCC also argued that the model imposes 'undue administrative burdens, leading to lengthy delays and providing little public benefit': ADA and ALCC, *Submission 213*.

79 See also Ch 12.

80 Library Copyright Alliance, *Comments of the Library Copyright Alliance in Response to the Copyright Office's Notice of Inquiry Concerning Orphan Works and Mass Digitisation* <www.copyright.gov/orphan/comments/loi_10222012/Library-Copyright-Alliance.pdf> 20 May 2013.

- inquiry into a work's 'orphan' nature would give useful guidance as to whether incentives to create would be harmed by digitising and communicating the work;⁸¹
- orphan works represent a 'complete market failure' because one party to any proposed transaction is missing and since there is no party exploiting the work, there is no existing market that can be harmed;⁸² and
- the purposes for which orphan works are used by libraries and archives, such as communication to promote education and research should often be recognised as fair use.⁸³

12.61 The option of fair use may be attractive to libraries and archives who wish to use orphan works. However, not all uses of orphan works will be fair, and the question will require consideration of the 'fairness factors'. For example, certain commercial uses of orphan works may not be fair use.

Limitation on remedies

12.62 The ALRC proposes that the *Copyright Act* be amended to provide that remedies for infringement be limited where an orphan work has been used and a 'reasonably diligent search' has been conducted and the rights holder has not been found. The ALRC considers that this approach will promote the use of orphan works to further education, research and access to cultural heritage, without taking away all the rights of rights holders to their works.

A reasonably diligent search

12.63 The first step in the ALRC's model requires a user to conduct a reasonably diligent search for the copyright holder. There was universal support from stakeholders that a diligent search ought to be conducted. Requiring a 'reasonably diligent search' recognises the need to try and bring owners and users together to facilitate licensing of works.⁸⁴

12.64 Here, the ALRC's approach differs somewhat to the US Copyright Office recommendations. In particular, the ALRC considers that there is a role for legislation to provide for a number of factors that may be considered in determining what constitutes a 'reasonably diligent search'.

81 J Urban, 'How Fair Use Can Help Solve the Orphan Works Problem' (2012) 27 *Berkeley Technology Law Journal* 1, 18. For example, the 'orphan' work whose owner cannot be located suggests a high probability that it has been economically abandoned, or further inquiry might find that the work was not created for the purposes of copyright exploitation. Both of these factors would weigh in favour of fair use.

82 *Ibid.*, 25.

83 *Ibid.*, 35–46.

84 This is consistent with the principle of acknowledging and respecting authorship and creation: Ch 2.

12.65 There was consensus among stakeholders that a diligent search should be conducted in order to locate the rights holder before any use of an orphan work.⁸⁵ A number of stakeholders were against having any prescriptive definition of a diligent search in the *Copyright Act*. For example, the ADA and ALCC were wary of adopting an overly restrictive legislative definition and suggested that any criteria should be ‘flexible’ and ‘proportionate’, taking into account the diverse nature of the work, its age and any commercial value, in Australian cultural institutions.⁸⁶

12.66 The International Association of Scientific, Technical and Medical Publishers (STM Publishers) agreed that regulations should refrain from prescribing minimum search steps or information sources to be consulted. It suggested that only a flexible approach could cater for individual circumstances of each orphan work, as well as rapidly changing information sources and search techniques.⁸⁷

12.67 Similarly, Google warned against a legislative criterion that was ‘so high that small museums, artists or other actors cannot meet, or so vague that users can never achieve certainty that their search is over’.⁸⁸

12.68 A number of stakeholders suggested that industry guidelines could be developed to inform the concept of reasonably diligent search. SBS suggested that ‘what is a reasonable search in relation to one type of material will not necessarily be relevant and sufficient in relation to another’. Therefore, ‘reference to industry standards may alleviate concerns that may be specific to particular creative industries’.⁸⁹ Professor Jock Given argued that standards should reflect the principle that ‘effort required should be greater where the work is recent, or created for professional purposes or proposed to be used in ways that are hard to revoke’.⁹⁰

12.69 The person or entity conducting the diligent search might often be expected to keep records of the search.⁹¹ As Robert Xavier submitted, it is ‘reasonable to require records to be kept of attempts made to discover the holder of copyright before a work is treated as orphaned’.⁹² Professor Given suggested libraries could ‘include information about the copyright status of works in their catalogue records, including information about any diligent search already conducted’.⁹³

85 John Wiley & Sons, *Submission 239*; Pearson Australia/Penguin, *Submission 220*; ADA and ALCC, *Submission 213*; ALPSP, *Submission 199*; J Given, *Submission 185*. Some stakeholders also referred to ‘reasonable efforts’. See, eg, Universities Australia, *Submission 246*.

86 ADA and ALCC, *Submission 213*, noting, for example, that the requirement to conduct a diligent search for each individual item would stifle mass digitisation programs. See also Universities Australia, *Submission 246*, arguing that ‘procedural requirements ... run the risk of imposing unreasonable burdens on institutional users who in any event can be relied upon to act in good faith’.

87 IASTMP, *Submission 200*.

88 Google, *Submission 217*.

89 SBS, *Submission 237*.

90 J Given, *Submission 185*.

91 NSW Young Lawyers, *Submission 195*; J Given, *Submission 185*; R Xavier, *Submission 146*.

92 R Xavier, *Submission 146*.

93 J Given, *Submission 185*.

12.70 The question of who should perform the search was raised in a number of submissions. Wiley and Sons indicated that it would favour an authorised licensing body offering a service to conduct a diligent search on behalf of users:

This would facilitate generally understood industry norms in relation to diligent search. Users of such a service should be protected from legal action by a suitable indemnity from the authorised licensing body. To be useful, the search would need to be carried out efficiently within agreed timeframes.⁹⁴

12.71 The CSIRO agreed that having a central authority would benefit in ‘ensuring consistency and generation of records, but may not always be able to respond speedily to inquiries or carry out searches relevant to all jurisdictions where a prospective user may be exposed, potentially resulting in duplication’. It considered that a user should be entitled to conduct the diligent search and not be obliged to have a central authority conduct those searches.⁹⁵

12.72 Providing some certainty around the concept of a ‘reasonably diligent search’ may be important. However, search technology and the availability of databases and services that might be used to conduct a diligent search may change, perhaps rapidly. New industry practices and guidelines might also emerge.

12.73 In the ALRC’s view, the exact requirements of a diligent search should therefore not be set out in legislation. In fact, what amounts to a diligent search should change as technology, databases and services change. A reasonably diligent search in 2013 may not be sufficiently diligent in 2023. The ALRC therefore proposes that the *Copyright Act* provide for a number of factors that may be considered in determining whether a reasonably diligent search has been conducted.

12.74 Collecting societies or others may offer to perform diligent searches for a fee. That a reputable organisation confirmed in writing that it conducted a search and that the work appeared to be an orphan would no doubt be highly persuasive evidence that the work was in fact an orphan. However, the *Copyright Act* should not provide that only some organisations may perform such searches. Such monopolies may be less likely to be efficient and innovative.

12.75 The ALRC recognises that in some instances it may not be possible to do a ‘diligent search’. For example, in the context of a mass digitisation project where there may be thousands of orphan works covering a spectrum of different types of copyright material, it may not be possible or economically feasible to conduct such searches. In such cases—and if the mass digitisation project is not fair use—a user may prefer to obtain a licence for use of the work, rather than rely on a provision limiting the remedies available to the rights holder.

12.76 Collecting societies may need to be empowered to license orphan works in these circumstances. In Ch 11, the ALRC raises the possibility of voluntary extended collective licensing to cover mass digitisation, including of orphan works.

94 John Wiley & Sons, *Submission 239*.

95 CSIRO, *Submission 242*.

A copyright or orphan works register

12.77 One persuasive factor that might be considered when determining whether a reasonably diligent search was conducted may be whether or not the work in question appeared on a register of orphan works.

12.78 A number of stakeholders highlighted an important role for technology in facilitating diligent searches and improving ways in which owners and users can find each other.⁹⁶ The Business and Software Alliance urged copyright industries to ‘develop and integrate databases of copyright information to suit the particular types of works and business models’.⁹⁷

12.79 Pearson Australia/Penguin highlighted that it had ‘contributed to voluntary schemes in many jurisdictions to facilitate diligent search’ and recognised that ‘the onus is on industry to do this’.⁹⁸ The ABC agreed that a register of orphan works could help eliminate duplicate searches and create opportunities for owners of orphan works to identify themselves.⁹⁹

12.80 The collecting society APRA/AMCOS noted that orphan works are not a significant issue for owners of musical works, due to its comprehensive database:

APRA/AMCOS have online works search facility that allow any member of the public to search musical works by title. The search results show the works that have the relevant title, the authors of those works, and in many cases the artists associated with performing the works. AMCOS also offers a research facility whereby, for a small fee, AMCOS will provide author and publisher information in relation to specified musical works.¹⁰⁰

12.81 The Music Council of Australia suggested that a number of online systems, platforms and processes could be developed with the assistance of the Government, and that such a system could benefit both users and creators and ‘could enable the licensing of orphan works’.¹⁰¹

12.82 A key recommendation of the Hargreaves Review was the establishment of a Digital Copyright Exchange that would allow users to quickly identify and license works, while also giving users increased options to license their works and defend against rogue ‘orphaning’ of works, through digital finger-printing.¹⁰²

96 BSA, *Submission 248*; PPCA, *Submission 240* ‘it is too early to see what, if any, shape the UK digital exchange is likely to take. However, the commercial radio industry would be interested in any proposal that seek to simplify the ever more complex task of obtaining clearances for material used on a multitude of technological platforms; N Suzor, *Submission 172* (DCE not intended to replace fair use, but complement it); Australian Copyright Council, *Submission 219*; Google, *Submission 217*; Art Gallery of New South Wales (AGNSW), *Submission 111*; Walker Books Australia, *Submission 144* (digital copyright exchange before considering exceptions).

97 BSA, *Submission 248*.

98 Pearson Australia/Penguin, *Submission 220*.

99 Australian Broadcasting Corporation, *Submission 210*.

100 APRA/AMCOS, *Submission 247*.

101 Music Council of Australia, *Submission 269*.

102 I Hargreaves, *Digital Opportunity: A Review of Intellectual Property and Growth* (2011), 31.

12.83 Many submissions to the US Copyright Office's current inquiry into orphan works also supported the creation of a voluntary copyright register.¹⁰³ A register was said to be a crucial step in reducing the incidence of 'abandoned' as well as 'kidnapped' orphan works.¹⁰⁴

12.84 The ALRC considers that such registers could play an important role in informing a 'reasonably diligent' search criterion and help to prevent digital works from being orphaned.

12.85 A register that encourages copyright owners to identify their works and make themselves locatable is important in signalling that rights holders also bear some responsibility for solving the orphan works problem. In the ALRC's view, the register should be voluntary, as any expanded requirement of formalities would likely violate the *Berne Convention*, which mandates that the exercise of copyright rights 'shall not be subject to any formality'.¹⁰⁵

Attribution

12.86 The ALRC proposes that in using orphan works, a user should as far as possible attribute the work to the author. The primary reason for this requirement is to increase the likelihood that copyright owners will be alerted to the fact that their work is being used. A user who has conducted a reasonably diligent search would likely have developed material that could go into the attribution.¹⁰⁶

12.87 A number of stakeholders argued that use of orphan works should recognise and respect moral rights, and require where possible attribution to the author and copyright owner.¹⁰⁷ For example, STM Publishers argued 'where a copyright notice is present in the orphan work, credit should be given to in a manner that reflects the notice'.¹⁰⁸

12.88 Others also suggested that guidelines may inform how a work should be used. For example, SBS submitted:

SBS would also support provisions referencing industry standards in relation to 'good faith' or 'reasonable' use. These could include the taking of steps to avoid moral rights infringements, as the SBS policy provides, or to put in place industry standard measures to prevent the unauthorised use of the material by third parties.¹⁰⁹

103 US Copyright Office, *Comments on Orphan Works* (2013) <www.copyright.gov/orphan/comments/noi_10222012/> at 3 March 2013. See submissions from American Association of Law Libraries and others (#4); Microsoft Corporation (#66); Science Fiction and Fantasy Writers of America (#81), and Copyright Alliance (#28).

104 Ibid.

105 *Berne Convention for the Protection of Literary and Artistic Works (Paris Act)*, opened for signature 24 July 1971, [1978] ATS 5 (entered into force on 15 December 1972) art 5.

106 United States Copyright Office, *Report on Orphan Works* (2006), 111.

107 ARIA, *Submission 241*; ADA and ALCC, *Submission 213*; Australian Society of Archivists Inc, *Submission 156*.

108 IASTMP, *Submission 200*.

109 SBS, *Submission 237*. See also, Special Broadcasting Service, *SBS Statement on Orphan Works [1.0 February 2011]* <www.sbs.com.au/aboutus/corporate/view/id/541/h/SBS-Statement-on-Orphan-Works-1.0-February-2011> at 28 May 2012.

12.89 A number of stakeholders also highlighted the importance of attribution and moral rights of Indigenous material. For example, the Australia Council for the Arts argued that:

There have been instances where Non-Indigenous institutions such as galleries and museums classify unattributed material as ‘orphan’ when Indigenous people and communities are more than capable of identifying the material. Misuse and abuse of the material and its owners in these circumstances is likely to be extremely hurtful to the people concerned.¹¹⁰

12.90 Similarly, Arts Law Centre of Australia was concerned that any orphan works scheme not become a ‘trojan horse’ for copyright infringement or cultural harm to Indigenous creators and peoples.¹¹¹ Professor Kathy Bowrey argued that as part of a consideration of any orphan works scheme, ‘the constitution and funding of alternative dispute mechanisms to resolve the neighbouring issues around ownership of works needs to be considered’.¹¹²

12.91 Users of orphan works should also have regard to any protocols relating to Indigenous material. For example, users might consult with relevant Indigenous groups before using an Indigenous orphan work.¹¹³

Limitation on remedies

12.92 Where a user conducts a reasonably diligent search and then proceeds to use the work for commercial purposes, or profits from the use of the work, the ALRC considers that there should be some way for rights holders to be compensated when they are found. At the same time, limiting the remedies that would otherwise have been available for infringement recognises that the user, in good faith, has put time and effort into locating the owner but was unable to do so.

12.93 A number of stakeholders expressly supported a limitation on remedies approach to deal with orphan works, but did not express a view on the exact nature of the limitations.¹¹⁴

12.94 Others suggested that a remedy should amount to reasonable compensation. For example, Google suggested:

If a rights holder later comes forward, there should be a way for them to be reasonably compensated, but not in way that kills good faith projects. No large scale projects will make the necessary investment in time and money if the whole endeavour can be shut down at any time if a rights holder later comes forward and demands punishing damages or an injunction.¹¹⁵

110 Australia Council for the Arts, *Submission 260*.

111 Arts Law Centre of Australia, *Submission 171*.

112 K Bowrey, *Submission 94*.

113 Australia Council for the Arts, *Protocols for Producing Indigenous Australian Visual Arts* (2nd ed, 2007), 19.

114 BSA, *Submission 248*; ARIA, *Submission 241*; John Wiley & Sons, *Submission 239*; ADA and ALCC, *Submission 213*; Australian Broadcasting Corporation, *Submission 210*.

115 Google, *Submission 217*.

12.95 STM Publishers submitted that a rights holder should be entitled to remuneration for previous use, being ‘a licence fee for the entire term of use as would have been negotiated by the parties prior to commencement of use’.¹¹⁶ If the parties could not negotiate a fee, such a fee could be set by the Copyright Review Tribunal.¹¹⁷

12.96 Others argued that remedies should be limited to future profits, so as not to stifle mass digitisation projects.¹¹⁸ Wiley & Sons publishers agreed that a rights holder should be entitled to payment based upon a ‘reasonable commercial rate licence fee’ for any new uses, but ongoing previous uses should be allowed without authorisation.¹¹⁹ Similarly, SBS submitted that remedies around ‘account of profits’ should not be available where the use of the work is included in another work.¹²⁰ In contrast, ARIA suggested that ‘the remedies of the author should be limited, excluding an account of profits or other reasonable compensation’.¹²¹

12.97 In Australia, a court can provide for relief of copyright infringement through injunctive relief and either damages or an ‘account of profits’.¹²² A court can also award additional damages as it considers appropriate in the circumstances.¹²³ The basic measure of damages is the loss of value of the copyright caused by the infringement. However, a court may consider other measures such as fair remuneration for use of the work, or loss of profits due to the infringer’s activities where appropriate.¹²⁴ This suggests that there a number of ways in which remedies may be limited, including:

- amending s 115(3) of the *Copyright Act* to provide that, in an action for infringement, where it is established that a user has conducted a reasonably diligent search and the owner could not be found prior to the infringing use, the plaintiff is not entitled to any damages, but may be entitled to an ‘account of profits’ or injunctive relief;
- providing that damages for the use of orphan works be capped;¹²⁵
- limiting remedies in the same manner as recommended in the US Copyright Office’s 2006 report, for example, to ‘reasonable compensation’; or

116 IASTMP, *Submission 200*. See also NSW Young Lawyers, *Submission 195*.

117 CSIRO, *Submission 242*; ARIA, *Submission 241*.

118 Google, *Submission 217*; R Xavier, *Submission 146*.

119 Wiley also highlighted the possibility of a licensing body established to operate an orphan works licensing scheme.

120 SBS argued that an account of profits would almost never form part of a licensing negotiation with the rights holder in an underlying work or program ... an account of profits is therefore an inappropriate and punitive remedy in relation to use of an orphan work in good faith in a new creative work: SBS, *Submission 237*.

121 ARIA, *Submission 241*.

122 *Copyright Act 1968* (Cth) s 115(2).

123 *Ibid* s 115(4).

124 A Stewart, P Griffith and J Bannister, *Intellectual Property in Australia* (4th ed, 2010), 272–273.

125 Australian Attorney-General's Department, *Works of Untraceable Copyright Ownership—Orphan Works: Balancing the Rights of Owners with Access to Works* (2012) suggests that ‘different uses could attract different licence fees or damages caps. For example, payment or damages limitations for non-commercial use could be set much lower (or waived altogether) than commercial use.’

- providing that a court, in exercising its discretion to award damages, consider that a reasonably diligent search has been conducted, and reduce the amount of damages accordingly.

12.98 The ALRC invites stakeholder discussion on how remedies should be limited for the use of orphan works, after a diligent search has been conducted.

Proposal 12–1 The fair use exception should be applied when determining whether a use of an ‘orphan work’ infringes copyright.

Proposal 12–2 The *Copyright Act* should be amended to limit the remedies available in an action for infringement of copyright, where it is established that, at the time of the infringement:

- (a) a ‘reasonably diligent search’ for the rights holder had been conducted and the rights holder had not been found; and
- (b) as far as reasonably possible, the work was clearly attributed to the author.

Proposal 12–3 The *Copyright Act* should provide that, in determining whether a ‘reasonably diligent search’ was conducted, regard may be had to, among other things:

- (a) how and by whom the search was conducted;
- (b) the search technologies, databases and registers available at the time; and
- (c) any guidelines or industry practices about conducting diligent searches available at the time.