

13. Orphan Works

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Summary

13.1 Orphan works are copyright material with no owner that can be identified or located by someone wishing to obtain rights to use the work.¹ This chapter considers reforms that would facilitate the use of orphan works to enable their beneficial uses to be captured in the digital economy, without creating harm to the copyright holder.

13.2 The fair use exception recommended in Chapter 4 may apply to uses of orphan works.

13.3 The ALRC recommends that the *Copyright Act* be amended to provide that remedies available for copyright infringement be limited where the user has conducted a reasonably diligent search for the copyright holder and, where possible, has attributed the work to the author.

13.4 What constitutes a reasonably diligent search may change as new technologies, databases, registers and services emerge. The *Copyright Act* should not be prescriptive

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.

about what constitutes a reasonably diligent search. Rather, it should provide that a number of factors may be considered in determining whether a reasonably diligent search has been conducted.

13.5 The chapter also discusses options for the establishment of an orphan works or copyright register, but notes that it could be the subject of further consideration by the Australian Government in consultation with stakeholders.

The orphan works problem

13.6 Orphan works are a significant problem around the world.² The inability to use orphan works means that their productive and beneficial uses are lost to both users and copyright holders. The Australian Attorney-General's Department review of orphan works (the AGD Orphan Works Review) noted that enabling uses of orphan works could contribute to 'research, education, culture and to the creation of further transformative works' as well as 'commercial purposes, thus increasing the already considerable contribution of copyright industries to the Australian economy'.³

13.7 Enabling the use of orphan works in the digital environment would potentially facilitate other socially beneficial uses, enabled by technology, mentioned elsewhere in this Report, including data and text mining, digitisation and other uses.

13.8 This Inquiry has found that orphan works present particular problems for cultural institutions, many of which are inhibited from digitising and providing access to orphan works in their collections to aid research, education and access to cultural heritage.⁴ For example, the 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'.⁵

13.9 The extent of the orphan works problem has not been quantified in Australia. However, anecdotal evidence received from stakeholders suggests that the problem is real. For example, the NLA estimated that it has some 2,041,720 unpublished items in its collection, a significant number of which are orphan works.⁶ The result of a survey of members of the ADA and ALCC indicated that library collections comprise up to

2 I Hargreaves, *Digital Opportunity: A Review of Intellectual Property and Growth* (2011), 38 notes that orphan works represent 'the starkest failure of copyright to adapt' and that the UK system is locking up 'millions of works in this category'. Similar findings have been made elsewhere in Europe: Comité Des Sages, *The New Renaissance: Reflection Group on Bringing Europe's Cultural Heritage Online* (2011), 20–21 recommended that 'a European legal instrument for orphan works needs to be adopted as soon as possible'.

3 Australian Government Attorney-General's Department, *Works of Untraceable Copyright Ownership—Orphan Works: Balancing the Rights of Owners with Access to Works* (2012), 3. The report suggests that orphan works affect large parts of the economy, including: information technology companies, Indigenous creators, news and print media, composers, photographers and web-based creators.

4 National Archives of Australia, *Submission 595*; National & State Libraries Australasia, *Submission 204*; National Gallery of Victoria, *Submission 142*.

5 CAMD, *Submission 236*.

6 National Library of Australia, *Submission 218*.

70% unpublished orphan works.⁷ A number of museums also indicated that their collections include a substantial number of orphan works.⁸

13.10 Public broadcasters—the ABC and the SBS—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’.⁹ Free TV Australia also observed that broadcasters had problems using archival material, such as audiovisual footage or photographs, where the owner could not be found.¹⁰

13.11 The ALRC heard that photographs are susceptible to being ‘orphaned’ in the digital environment, due to rights information being removed.¹¹ Measures to reduce instances of orphan works in the digital environment are considered below, in relation to the possibility of an orphan works or copyright register.

Current law

13.12 There is no specific exception in the *Copyright Act* for the use of orphan works. Unless covered by an exception or licence, use of an orphan work may constitute copyright infringement.

13.13 However, orphan works may be used when covered by existing fair dealing exceptions 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.¹² Cultural institutions that are covered by a government statutory licence under s 183 may copy orphan works for government purposes.¹³

13.14 Some users have also used orphan works by taking a ‘risk management’ approach, for example, by undertaking a diligent search before using an orphan work.¹⁴

13.15 Libraries, archives and educational institutions may also use orphan works for socially useful purposes under s 200AB. However, as noted in Chapter 12, s 200AB

7 See ADA and ALCC, *Submission 213*.

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

9 ABC, *Submission 210*.

10 Free TV Australia, *Submission 270*.

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

12 Copyright Advisory Group—Schools, *Submission 231*.

13 Copyright Agency/Viscopy, *Submission 249*.

14 For example, 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*.

has been used on rare occasions to deal with orphan works primarily because of the uncertainty in the language of the section.¹⁵

Reform options

13.16 This section canvasses the different models that can be implemented to facilitate the use of orphan works. The central aim of each model is to facilitate the use of orphan works, while ensuring that owners are adequately compensated when they are identified.

Limitations on remedies after reasonably diligent search

13.17 In 2006, the US Copyright Office's *Orphan Works Report* recommended that remedies be limited in cases of infringement involving orphan works. Limitation on remedies would apply where the user had conducted a 'reasonably diligent search' for the copyright owner, and had provided attribution where possible.¹⁶

13.18 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.¹⁷ 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.¹⁸ However, it highlighted a number of factors that could guide users on a case-by-case basis.¹⁹

13.19 The Copyright Office recommended that remedies be limited in certain circumstances. Where use of the work is commercial, the liability for infringement is limited to 'reasonable compensation', rather than statutory damages.²⁰ In most cases, reasonable compensation would be the amount a user would have paid to the copyright owner had they engaged in negotiations before the infringing use commenced.²¹ No relief would be available for non-commercial uses of orphan works, provided that the user ceased using the work expeditiously upon receiving an infringement notice. Future uses of the work would be the subject of negotiations between the parties.

13.20 The Copyright Office also proposed limiting the scope of injunctive relief 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

15 See, eg, CAMD, *Submission 236*; Art Gallery of New South Wales (AGNSW), *Submission 111*. In Ch 12, the ALRC recommends repeal of s 200AB.

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

17 *Ibid.*, 108–10.

18 *Ibid.*, 113.

19 *Ibid.*, 99–108. Such factors may include: the amount of identifying information on the copy of the work; whether the work has been made available to the public; the age of work; whether information can be found on publicly available records; whether the author is still alive; and whether the use of the orphan work is commercial or non-commercial.

20 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) § 504(c)(1).

21 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'. The term 'reasonable' imports the notion that some uses may attract a zero or low royalty payment.

work—a court would not restrain its use.²² Rather, the user is to pay ‘reasonable compensation’ for use of the orphan work, and is required to adequately attribute the work.²³ 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.²⁴

13.21 The Copyright 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.²⁵

13.22 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’.²⁶

13.23 Despite a number of Bills before Congress to implement the Copyright Office’s proposals, these were not passed.²⁷ The drafters of the Bills grappled with particular issues, including: recognising and accounting for the concerns of photographers; the contours of a ‘reasonably diligent search’; and the role of searchable electronic databases.²⁸

13.24 In late 2012, the Copyright Office launched a further inquiry into orphan works, seeking to identify 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’.²⁹ Submissions to date have emphasised that a ‘reasonably diligent search’ is necessary before any use of an orphan work. Many stakeholders called for the establishment of a copyright register to help identify owners of orphan works.

Limited exceptions for uses of orphan works

13.25 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. The Directive allows publicly accessible cultural institutions to reproduce and communicate orphan works in furtherance of their

22 The term ‘substantial expression’ is intended to exclude situations where the work is simply put into a collection of other works, like an electronic database: *Ibid*, 120.

23 *Ibid*, 119–121.

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

25 *Ibid*, 56.

26 *Ibid*, 57.

27 These included: *Orphan Works Act of 2006* HR 5439, 109th Cong; *Orphan Works Act of 2008* HR 5589, 110th Cong; and *Shawn-Bentley Orphan Works Act of 2008* S 2193.

28 For example, the *Orphan Works Act of 2006* HR 5439, 109th Cong would have required users to document their search, and proposed that the Copyright Office set out authoritative information on search tools. See, B Yeh, *CRS Report for Congress: ‘Orphan Works in Copyright Law’* (2008).

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

public interest mission.³⁰ The Directive only applies in respect of certain types of work held by institutions: text; audiovisual and cinematographic works; and phonograms first published or broadcast within an EU member state.³¹ Photographs are only covered to the extent that they are incorporated into other works.³²

13.26 Orphan works can only be used after the institution conducts a ‘diligent search’ in good faith.³³ 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 of allowing external organisations to conduct a diligent search for a fee.³⁵

13.27 Importantly, the Directive establishes a central EU orphan works register and requires reciprocal recognition of orphan work status across member states.³⁶ Results of a diligent search are recorded and provided to a competent national authority and made available on a publicly accessible online database to be established and managed by the European Commission’s Office for Harmonization in the Internal Market.³⁷

13.28 The Directive provides that rights holders should, at any time, be able to put an end to the orphan work status insofar as their rights are concerned.³⁸ Fair compensation is then due to the rights holder, but the member states retain the discretion to determine the circumstances under which compensation may be organised.³⁹

Centrally granted licences

13.29 A number of jurisdictions have opted to facilitate the use of orphan works through a centralised body with the ability to license uses of orphan works.⁴⁰

13.30 Since 1998, users in Canada may apply to 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.⁴¹ Licences are only available for orphan works that are published or fixed.⁴²

30 *Directive 2012/28 of the European Parliament and of the Council of 25 October 2012 on Certain Permitted Uses of Orphan Works*, art 1(1). These public institutions include libraries, educational establishments and museums, archives, film and audio heritage institutions, and public service broadcasting institutions. Public interest missions include the preservation of, the restoration of, and the provision of cultural and educational access to, works and phonograms contained in their collections: art 6(2).

31 *Ibid* art 1(2) and (3).

32 *Ibid* art 1(4).

33 *Ibid* art 3(1).

34 *Ibid* art 3(2).

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

36 *Ibid* art 4.

37 *Ibid* art 3(6).

38 *Ibid* art 5.

39 *Ibid* art 6(5).

40 *Copyright Act 1985* (Can) s 77; *Copyright Act 1970* (Japan) art 67; *Copyright Act 1967* (South Korea) art 50.

41 *Copyright Act 1985* (Can), s 77.

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

13.31 The Board works closely with the Canadian Copyright Licensing Agency (CCLA) in setting the royalty fee and the terms and conditions of the licence.⁴³ Royalties collected are held in a fund for five years after the expiration of the licence for collection by the copyright owner.⁴⁴ If the royalty is not collected, the Board will allow the CCLA to dispose of the fee to its members as it sees fit.⁴⁵ Since it was enacted in 1998, the Board has opened 411 files relating to a total of 12,640 orphan works.⁴⁶ Similar systems are in place in Japan, South Korea, and India.⁴⁷

13.32 Centralised licensing is also being pursued in the United Kingdom, where a centralised body will be established to license individual uses, whether commercial or non-commercial, of orphan works subject to a diligent search.⁴⁸

13.33 The independent body will maintain a registry of orphan works, set and levy fees, ensure that diligent searches are undertaken and approve individual cases.⁴⁹ It will not validate individual diligent searches. Rather, it would regularly test the quality of searching and the methods through a sampling approach.⁵⁰ The estimated cost of setting up such a scheme in the UK is said to be between £2.5m and £10.5m.⁵¹

13.34 The UK Intellectual Property Office argued that the scheme:

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.⁵²

Extended collective licensing

13.35 Several Nordic countries use extended collective licensing (ECL) 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.⁵³ A feature of ECL 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.⁵⁴ Some rules

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

44 *Ibid* s 77(3).

45 *Ibid*.

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

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

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

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

50 *Ibid*, 5.

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

52 *Ibid*, 3.

53 See J Axham and L Guibault, *Cross-border Extended Collective Licensing: A Solution to Online Dissemination of Europe's Cultural Heritage?* (2011), prepared for EuropeanaConnect, 25–59 for an outline of extended collective licensing in Nordic Countries.

54 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.

allow copyright owners to opt out of the system and instead deal directly with licensees.⁵⁵

13.36 Under ECL 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.

13.37 Reforms in the UK will also provide for voluntary ECL to deal with mass digitisation. This will allow an appointed authorised licensing body, for certain classes of materials, to grant copyright licences to bodies who do not own the copyright material they wish to use. The regulations will provide an opt out provision for the copyright owner.⁵⁶

Reform approach

13.38 In formulating its recommendations in this area, the ALRC has had regard to the framing principles for reform for this Inquiry. In particular, the ALRC considers that reform in this area should have the primary aim of making orphan works more widely available in the digital economy, while at the same time acknowledging and respecting authorship and creation.⁵⁷ Maria Pallante, Director of the US Copyright Office has argued:

We seem to have general agreement that in the case of a true orphan work, where there is no copyright owner and therefore no beneficiary of the copyright term, it does not further the objectives of the copyright system to deny use of the work, sometimes for decades. In other words, it is not good policy to protect a copyright when there is no evidence of a copyright owner.⁵⁸

13.39 At the same time, any orphan works solution also needs to ensure that identified copyright holders are adequately compensated. Any solution should also be efficient to minimise any transactions costs and reduce unnecessary burdens on users and in particular, public cultural institutions for whom orphan works are a particular problem.

13.40 Lastly, any solution should be cost-effective and compliant with Australia's international obligations.

Centralised or extended collective licensing

13.41 The ALRC does not recommend that centralised licensing or ECL be pursued in Australia as a solution for orphan works, for the reasons outlined below.

Up-front payment is problematic

13.42 A key feature of the centralised licensing and ECL models referred to above is to require up-front payment before an orphan work be used. The ALRC considers that

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

56 See Ch 12.

57 See Ch 2.

58 M Pallante, 'Orphan Works and Mass Digitisation: Obstacles and Opportunities' (Paper presented at Orphan Works & Mass Digitization: Obstacles & Opportunities Symposium, Berkeley, April 12–13).

it would be inefficient to require up-front payment when there is no guarantee or little likelihood that a copyright holder will appear to claim the money.⁵⁹ For example, the CSIRO argued in relation to ECL:

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.⁶⁰

13.43 Even where the money is held in an escrow account and redistributed to other copyright holders in an ECL scheme, the recipients may have no connection with the orphan work. This is not consistent with copyright's purpose of providing an incentive to create by remunerating the author of a work.⁶¹

13.44 Secondly, up-front payment may lead to inefficient underpricing or overpricing of licences compared with a reasonable payment that is calculated after the rights holder appears. For example, photographers were opposed to the UK's centralised licensing scheme because the 'de facto standard rate' set by the scheme would make it more difficult for individuals to negotiate higher rates where the quality and nature of their work justifies it.⁶² On the other hand, law and economics scholars have also suggested that setting a fee for orphan works based on market licensing rates for non-orphan works, would most likely lead to overpricing:

Basing royalty on the price that is being paid to non-orphans, or that would have been paid in a hypothetical negotiation between the entrant and the copyright holder, would almost certainly result in a royalty that is too high, as measured by what we want socially. We should expect royalty rates for orphan use to be modest.⁶³

13.45 Similarly, the ACCC expressed concerns about collective licensing because collecting societies represent licensors who might otherwise be in competition with one another. This may give rise to 'market power and the likelihood that a collecting society would have both the ability and incentive to exercise that market power (leading to higher licence fees) in its dealings with both its members and potential licensees'.⁶⁴

59 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*.

60 CSIRO, *Submission 242*.

61 See Ch 2.

62 Ibid. See also Stop43 and others, *Briefing for Members of House of Lords Second Reading Debate Enterprise & Regulatory Reform Bill* (2012). This briefing paper was signed by 70 organisations representing photographers.

63 R Picker, 'Private Digital Libraries and Orphan Works' (2012) 27 *Berkeley Technology Law Journal* 1259, 1283.

64 ACCC, *Submission 165*.

Market distortion

13.46 Some stakeholders submitted that, without up-front payment, the market for other non-orphan works would be harmed.⁶⁵ That is, without up-front payment, users would choose orphan works over other copyright works where the user has to pay.⁶⁶ Copyright Agency/Viscopy preferred 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.⁶⁷

13.47 Such market distortion arguments are unconvincing. It would be very difficult to determine in practice whether one work is ‘equally suitable’ for another. Most stakeholders took a different view and considered that such a scheme would be inefficient, and would unnecessarily restrict competition.⁶⁸ Rather, greater access to orphan works

should be seen as ‘increasing competition’ and ... the same logic would support measures to limit the public domain or inhibit the voluntary use of free licenses like creative commons or open source software licenses, which would be highly undesirable.⁶⁹

13.48 Some orphan works were never intended to be commercially exploited, such as those donated to the cultural institutions. Professor Jennifer Urban argues that, if a reasonably diligent search has been conducted and the copyright owner cannot be found, there is a high probability that the work has been ‘economically abandoned’.⁷⁰ In a case where the work can truly be said to be an orphan, there is little difference between it and one in which the copyright holder would allow free use, such as through a creative commons licence. Demand for unconnected works should not be a factor in formulating an orphan works scheme.

13.49 The use of orphan works would not detrimentally affect the incentive to create new works. As Professor Randal Picker argues, it seems unlikely that a prospective author would reason that

I won’t write this book now because when my successor copyright holders discover that a book once lost to them is at that point being used by others my successors won’t have a remedy against those users.⁷¹

65 Copyright Agency, *Submission 727*; Arts Law Centre of Australia, *Submission 706*; MEAA, *Submission 652*.

66 See, eg, ALPSP, *Submission 199*, arguing that an exception ‘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.’

67 Copyright Agency/Viscopy, *Submission 249*.

68 See, eg, A Katz, *Submission 606* who suggested that the tendency to treat the requirement to seek permission before use as dogma ‘impedes simple and effective solutions and leads to the adoption of grand solutions, such as extended collective licensing, that are ineffective at best and harmful at worst’.

69 R Xavier, *Submission 146*.

70 J Urban, ‘How Fair Use Can Help Solve the Orphan Works Problem’ (2012) 27 *Berkeley Technology Law Journal* 1, 18.

71 R Picker, ‘Private Digital Libraries and Orphan Works’ (2012) 27 *Berkeley Technology Law Journal* 1259, 1282. Picker argues that a prospective author who expects his work to succeed would track the title

13.50 As noted above, the inability to use orphan works means that their beneficial uses are lost to both users and copyright holders. Rather than harming markets, use of an orphan work may, in some instances, reunite copyright owners with their works and thereby revive the market and provide new streams of income.⁷² For example, the Small Press Network submitted that republishing orphan works would ‘stimulate innovation and new publishing opportunities’.⁷³

Inefficient and more expensive?

13.51 Licences granted through a central body or ECL scheme are often granted for limited duration and, therefore, may not provide sufficient security for cultural institutions that may be seeking long-term security for their collections or are seeking to engage in mass digitisation projects.⁷⁴ A study commissioned by the UK Intellectual Property Office to support the implementation of the Hargreaves Review undertook a ‘rights clearance simulation’ across six different jurisdictions with centralised or ECL schemes and concluded that there was ‘no systematic recognition of the need for permanent licences’.⁷⁵ The report also noted that licensing tariffs may prevent mass digitisation projects, since ‘per item fees initially appearing very low and thus sustainable turn out to render mass digitisation unviable for public and non-profit institutions when scaled up under reasonable assumptions’.⁷⁶

13.52 Stakeholders also suggested that centralised or collective licensing models may suffer from bureaucracy and be more expensive and time-consuming to administer.⁷⁷ The University of Sydney submitted that under an ECL scheme:

the administrative burden of negotiating and implementing an ECL will in most circumstances outweigh modest royalties that may be paid for most non-commercial uses that public collections, the academic community and the general public are likely to make of digitised works.⁷⁸

13.53 Similarly, others suggested that the cost of setting up and maintaining a centralised body would outweigh any benefits in terms of minimal payments to rights holders. For example, the UK Intellectual Property Office estimates that substantial

for future uses. Orphan works are classes of works that are insufficiently successful to warrant tracking and we would ‘expect those rights to go for very little’.

72 CAMD, *Submission 719* suggested that there would be a far ‘greater chance to find copyright holders if these items were included on the websites of cultural institutions which regularly log tens of millions of visits per year. See also Pirate Party Australia, *Submission 689*.

73 Small Press Network, *Submission 221*.

74 R Hansen et al, ‘Solving the Orphan Works Problem for the United States’ 37(1) *Columbia Journal of Law & the Arts* 1, 41.

75 M Favale et al, *Copyright, and the Regulation of Orphan Works: A Comparative Review of Seven Jurisdictions and a Rights Clearance Simulation* (2013), prepared for the Intellectual Property Office, 86. The rights clearance exercise asked representatives from rights clearance authorities in Canada, Denmark, France, Hungary, India and Japan to provide a licence fee for six scenarios that are likely to occur in reality, ranging from small online resources to mass digitisation projects.

76 *Ibid.*, 4.

77 Copyright Advisory Group—Schools, *Submission 231*; ADA and ALCC, *Submission 213*; ABC, *Submission 210*.

78 University of Sydney, *Submission 815*.

costs will be required in setting up its centralised system.⁷⁹ Commentators have also criticised the Canadian system as being an expensive and lengthy process, for which only a small number of licences have been granted over a long period of time.⁸⁰ Some stakeholders noted that they had strong networks with copyright owners and that it would be more efficient to maintain such relationships and settle any fees when an owner appears.⁸¹

13.54 Academics have also argued that ECL schemes are inefficient because they do not reduce the transaction cost of conducting a diligent search, but merely transfer the obligation to a collecting society which has to conduct the search at a later time when it is seeking to distribute funds.⁸² Concerns have also been raised about how ECL schemes might operate in practice. For example, the AGD Orphan Works Review cautioned that conferring the rights of orphan works owners on collection societies and other representative bodies may ‘prioritise corporate advantages ahead of author and user interests’.⁸³

Fair use

13.55 Some uses of orphan works can be expected to constitute fair use. Where use of an orphan work is for an illustrative purpose such as ‘quotation’, ‘research and study’, ‘reporting the news’, ‘criticism and review’ and ‘libraries and archives’, it is more likely to be fair.

13.56 The ALRC expects that fair use would be particularly helpful to cultural institutions that are digitising or making available access to orphan works for non-commercial purposes, such as research or study. Cultural institutions suggested that they would be more confident relying on a fair use exception, rather than the exception under s 200AB when using orphan works.⁸⁴ For example, the NLA considered that fair use ‘will provide workable solutions to many issues of providing access to orphan works’.⁸⁵

79 Intellectual Property Office, *Final Impact Statement: Orphan Works* (2012), 2 suggesting that it would cost £2.5m to establish a register or database of licensed orphan works and £10m to establish a new body with that could determine whether orphan works could be used under licence; and £0.5–1.8 pa to operate the new authorising body.

80 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 were filed in relation to 12,640 orphan works, and only 230 licences were granted.

81 ADA and ALCC, *Submission 586*; National Gallery of Victoria, *Submission 142*.

82 R Hansen et al, ‘Solving the Orphan Works Problem for the United States’ 37(1) *Columbia Journal of Law & the Arts* 1 (2013), 47–48.

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

84 NFSA, *Submission 750*; NSW Government and Art Gallery of NSW, *Submission 740*; National Library of Australia, *Submission 704*; ADA and ALCC, *Submission 586*. See also Ch 12.

85 National Library of Australia, *Submission 704*.

13.57 Submissions to the current US Copyright Office's Inquiry show that cultural institutions are comfortable relying on fair use to facilitate uses of orphan works. For example, the Library Copyright Alliance stated:

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.⁸⁶

13.58 The confidence displayed by US cultural institutions may have resulted from a number of best practice guidelines. For example, the American Library Association and Association of Research Libraries submitted to the ALRC Inquiry that US libraries 'have gained increasing comfort' in relying on fair use because of the development of Codes of Best Practice and other education provided through library associations.⁸⁷ Similar guidelines could be developed in Australia in relation to orphan works and in particular, around the diligent search criteria.⁸⁸

13.59 However, a use of an orphan work will not always be fair. Whether or not a use is fair must be assessed in accordance with the fairness factors.

13.60 ***The purpose and character of the use.*** Uses of orphan works for one of the illustrative purposes of fair use, such as 'quotation' or 'library or archive use' are more likely to be fair. The extent to which use of an orphan work is 'transformative' will also be highly relevant.⁸⁹ Commercial uses of orphan works are less likely to be fair; however, this is by no means determinative. US case law illustrates that the commercial use must be weighed against other factors, including whether the use is transformative or harms the market of the rights holder.⁹⁰

13.61 ***The nature of the copyright material used.*** US case law suggests that it is easier to argue fair use in relation to works that have been published, rather than those that remain unpublished.⁹¹ US courts have also considered that whether the work was 'out of print' or unavailable on the market is an important factor.⁹² Use of a work that is out of print or unavailable for purchase through normal channels is unlikely to harm any

86 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* (2013), 7.

87 American Library Association and Association of Research Libraries, *Submission 703*.

88 Stakeholders have expressed a willingness to do this. See, eg, NFSA, *Submission 750*.

89 See, eg, *The Authors Guild Inc v HathiTrust*, WL 4808939 (SDNY, 2012).

90 *Sony Corp of America v Universal City Studios, Inc* (1984) 464 US 417; *Campbell v Acuff-Rose Music Inc* (1994) 510 US 569.

91 B Beebe, 'An Empirical Study of US Copyright Fair Use Opinions, 1978–2005' (2008) 156 *University of Pennsylvania Law Review* 549, 614–615. In *Harper & Row Publishers, Inc v Nation Enterprises* (1985) 471 US 539, 564 O'Connor J considered that 'under ordinary circumstances, the author's right to control the first appearance of his undissemated expression will outweigh a claim of fair use'. This line of reasoning was followed until s 107 was inserted into the Act in 1991, providing that 'the fact that a work is unpublished shall not, of itself, bar a finding of fair use if such a finding is made upon consideration of all the above factors'.

92 *Harper & Row Publishers, Inc v Nation Enterprises* (1985) 471 US 539, 553 ('If the work is "out of print" and unavailable for purchase through normal channels, the user may have more justification for reproducing it.').

market.⁹³ The extent to which an orphan work is factual or creative will also be important. Use of works which are highly factual, or those that were created without the intention of commercial exploitation—such as government or archival records or old war diaries—are more likely to be fair.⁹⁴

13.62 ***The amount and substantiality of the part used.*** The influence of the amount and substantiality factor will sometimes depend on the purpose and character of the use. Fair use case law in the US makes it clear that reproduction of a whole of a work can, depending on the circumstances, amount to fair use.⁹⁵

13.63 ***Effect of the use upon the market.*** The effect, if any, on the relevant market or markets for the orphan work will be a relevant factor. When considering this factor, the relevant markets are ‘traditional, reasonable or likely to be developed’ markets. If a use fills a ‘market niche’ that the rights holder ‘simply had no interest in occupying’,⁹⁶ then the fourth factor may not disfavour fair use. Professor Jennifer Urban has argued that orphan works represent a complete market failure, as there is no owner with whom to transact. Where one party to the transaction is missing, no market can arise for which there would be a negative effect.⁹⁷

Limitation on remedies

13.64 While guidelines may provide some certainty, users relying on fair use may still run the risk of the use being judged not to be fair. There may also be instances where a user may determine that use of an orphan works is unlikely to be fair. The risk of damages or injunctive relief may therefore discourage users from making socially productive uses of orphan works.

13.65 To overcome this, the *Copyright Act* should be amended to provide for a limitation on remedies following a diligent search. This proposal received strong stakeholder support, with many suggesting that the approach adopted by the US Copyright Office be followed.⁹⁸

13.66 The ALRC also considers that limiting remedies will provide some measure of certainty to users beyond fair use. The importance of adequately compensating rights holders could be recognised, for example, if remedies were limited to ‘reasonable

93 W Patry, *Patry on Fair Use* (2012), 445.

94 ‘The law generally recognises a greater need to disseminate factual works than works of fiction or fantasy’: *Harper & Row Publishers, Inc v Nation Enterprises* (1985) 471 US 539, 563.

95 *The Authors Guild Inc v HathiTrust*, WL 4808939 (SDNY, 2012).

96 *Princeton University Press v Michigan Document Services, Inc*, 99 F 3d 1381 (6th Cir, 1996) (citations omitted).

97 J Urban, ‘How Fair Use Can Help Solve the Orphan Works Problem’ (2012) 27 *Berkeley Technology Law Journal* 1, 25.

98 University of Sydney, *Submission 815*; ABC, *Submission 775*; CSIRO, *Submission 774*; Universities Australia, *Submission 754*; Internet Industry Association, *Submission 744*; Arts Law Centre of Australia, *Submission 706*; Pirate Party Australia, *Submission 689*; Association of American Publishers, *Submission 611*; Google, *Submission 600*; National & State Libraries Australasia, *Submission 588*; ADA and ALCC, *Submission 586*; Motion Picture Association of America Inc, *Submission 573*; SBS, *Submission 556*; Free TV Australia, *Submission 270*. The Australian Film/TV Bodies, *Submission 739* did not oppose the ALRC’s proposals.

compensation'. The ALRC appreciates that, unlike the US, the Australian system does not have statutory damages. However, the *Copyright Act* does permit the award of additional damages that may deter users from using an orphan work.⁹⁹

13.67 The introduction of a limitation on remedies would not be new in Australian copyright law. Section 115(3) already provides that, in an action for infringement a plaintiff is not entitled to any damages, if it is established that 'at the time of infringement, the defendant was not aware, and had no reasonable grounds for suspecting, the act constituting the infringement was an infringement of copyright'.¹⁰⁰

A reasonably diligent search

13.68 The first step in the ALRC's model requires a user to conduct a reasonably diligent search for the copyright holder. This recognises that the optimal outcome is to bring owners and users together to facilitate licensing of works. As noted below, diligent search criteria may also encourage the development and use of technological tools such as registries and databases. These may have flow-on benefits of reducing the amount of orphan works and helping facilitate efficient licensing in the digital environment.

13.69 The person or entity conducting the diligent search would be expected to keep records of the search.¹⁰¹ Robert Xavier submitted that 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'.¹⁰² Professor Jock Given suggested libraries could 'include information about the copyright status of works in their catalogue records, including information about any diligent search already conducted'.¹⁰³

13.70 Given that orphan works cover the spectrum of copyright material, each with different challenges in terms of locating a copyright owner, it would not be appropriate for legislation to set a standard for a reasonably diligent search for all or many of these circumstances. The ALRC expects that guidelines, protocols and search technologies will continue to evolve and change. What constitutes a 'reasonably diligent search' in 2013 may not be so in 2023.

13.71 Instead, the *Copyright Act* should provide for a number of factors that can guide users and courts to determine whether a reasonably diligent search was conducted on a case-by-case basis. These factors would be flexible, but precise enough to ensure that users consider the circumstances of the case and make use of the most appropriate technologies and tools available to search for the copyright holder. The balance of factors may mean that a reasonably diligent search will, as circumstances dictate, range from a limited search to an extraordinary one.

99 *Copyright Act 1968* (Cth) s 115(4).

100 *Ibid* s 115(3).

101 IASTMP, *Submission 200*; NSW Young Lawyers, *Submission 195*; J Given, *Submission 185*; R Xavier, *Submission 146*.

102 R Xavier, *Submission 146*.

103 J Given, *Submission 185*.

The nature of the copyright material

13.72 The nature of the copyright material—including the age, type of work and amount of identifying information are all relevant factors in what may constitute a diligent search. Stakeholders suggested that searches would almost certainly be fruitless in relation to certain types of material for which there is no identifying information.¹⁰⁴ The age of a work may come into consideration as the identifying information may no longer be relevant. For example, the National Film and Sound Archive suggested in relation to Australian audiovisual material, that since the turn of the century Australian media production has been ‘characterised by short-lived companies, mergers, and takeover’, making it difficult to track down rights owners.¹⁰⁵ Similarly, the CAARA suggested that the age of the material and the lack of clear transmission of ownership are particularly relevant to archival records.¹⁰⁶ These factors may suggest that a limited search is appropriate in some circumstances.

13.73 On the other hand, a recent work would more likely contain identifying information, on the basis of which a user would be expected to conduct a more thorough search. Professor Jock Given submitted that the ‘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’.¹⁰⁷

13.74 The US Copyright Office’s *Report on Orphan Works* suggested that, whether the use is commercial or non-commercial and how prominently the work figures in the activity of the user, should be a consideration. For example:

If a work is to play a prominent role in the user’s activity, then more effort to find the owner should be required. Similarly, more effort should be required where the use is commercial as opposed to non-commercial. Also, the more broadly the work is disseminated, the more effort to locate the owner should be required, even where the user is a non-commercial entity.¹⁰⁸

How and by whom the search was conducted

13.75 There seems no reason why collecting societies or others should not be able to perform diligent searches on behalf of a user. However, the *Copyright Act* should not provide that only some organisations may perform such searches, or that users are required to have their searches validated.¹⁰⁹ Such monopolies are less likely to be efficient and innovative.

104 For example, the National Archives of Australia suggested that a diligent search should not be required for a letter to government that is 50 years old and with no address for the author where it is reasonable to conclude that such a person would not be able to be located: National Archives of Australia, *Submission 595*. See also, NSW Government and Art Gallery of NSW, *Submission 740*.

105 NFSA, *Submission 750*.

106 CAARA, *Submission 662*.

107 J Given, *Submission 185*.

108 United States Copyright Office, *Report on Orphan Works* (2006), 107.

109 CSIRO, *Submission 242*.

Guidelines, protocols databases and registers

13.76 Guidelines could direct users to publicly available registers and databases that they might be expected to consult in conducting a reasonably diligent search.¹¹⁰ Freely available registers and databases exist worldwide and they are becoming more prevalent and robust.¹¹¹ SBS suggested that ‘reference to industry standards may alleviate concerns that may be specific to particular creative industries’.¹¹²

13.77 Guidelines have already been developed in some sectors. For example, a position statement on orphan works by a consortium of international publishers outlines what they consider to be a diligent search for copyright owners in relation to scholarly material.¹¹³ The position paper suggests that if a user conducts a reasonably diligent search as outlined, the user will be entitled to a ‘safe harbour protection’.¹¹⁴ In Australia, National and State Libraries Australasia have produced a position statement on ‘reasonable search on orphan works’.¹¹⁵ Stakeholders expressed a willingness to cooperate and create such guidelines.¹¹⁶

13.78 On a wider scale, the European Union’s Orphan Works Directive allows member states to determine the criteria for a diligent search, but suggests that it shall include at least ‘relevant sources listed in the Annex’.¹¹⁷ The Annex provides a list sources or different types of works that a user would be expected to consult in performing a diligent search.¹¹⁸

Attribution

13.79 Stakeholders suggested that when using orphan works, a user should, as far as possible attribute the work to the author.¹¹⁹ 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 be used in the attribution.¹²⁰ For example, the

110 See, eg, NFSA, *Submission 750*; CAMD, *Submission 719*; K Bowrey, *Submission 554*; Museum Victoria, *Submission 522*; SBS, *Submission 237*; J Given, *Submission 185*.

111 Examples pointed out by stakeholders include the Global Repertoire Database; ARROW (the Accessible Registries of Rights Information and Orphan Works); PLUS Registry and the Linked Content Coalition.

112 SBS, *Submission 237*.

113 International Association of Scientific Technical and Medical Publishers and others, *Safe Harbour Provisions for the Use of Orphan Works for Scientific, Technical and Medical Literature* (2013).

114 Ibid. The document states that where the publisher identifies the use of a work as an ‘orphan work’, the publisher agrees to waive, if a diligent search has been conducted, any claim or entitlement to all fees or damages, including statutory, punitive, exemplary or other special or general damages (other than a reasonable royalty).

115 National and State Libraries Australasia, *Position Statement on Reasonable Search for Orphan Works* (2011).

116 See, eg, NFSA, *Submission 750*; Pearson Australia/Penguin, *Submission 220*.

117 *Directive 2012/28 of the European Parliament and of the Council of 25 October 2012 on Certain Permitted Uses of Orphan Works*, art 3(2) and Annex.

118 The Annex provides guidance in relation to published books, newspapers, magazines, journals and periodicals; visual works; and audiovisual works and phonograms.

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

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

International Association of Scientific Technical and Medical Publishers argued that ‘where a copyright notice is present in the orphan work, credit should be given in a manner that reflects the notice’.¹²¹

13.80 Attribution in the case of Indigenous material requires careful consideration. Stakeholders emphasised that users should also have regard to any protocols relating to Indigenous material.¹²² For example, consultations might be needed with relevant Indigenous groups before using an Indigenous orphan work, and consideration be given to whether attribution is possible or acceptable in the circumstances.¹²³ As Professor Kathy Bowrey suggests:

Due to the circumstances of the making of the work copyright ownership in Indigenous knowledge is often vested in a third party. Copyright practices of attribution can, in such cases, involve what is from a cultural perspective, an act of wrongful attribution that causes serious cultural offence.¹²⁴

Options for limiting remedies

13.81 In the Discussion Paper, the ALRC invited stakeholder discussion on a number of possible avenues for limiting remedies including:

- limiting remedies—for example, to ‘reasonable compensation’;
- amending 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 or
- 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.

13.82 A majority of stakeholders favoured structuring limits on remedies in a manner similar to that recommended by the US Copyright Office’s *Report on Orphan Works*. There was broad support for limiting remedies to a ‘reasonable licence fee’, ‘reasonable compensation’ or similar formulation.¹²⁶ This was said to facilitate an

121 IASTMP, *Submission 200*.

122 Australia Council for the Arts, *Submission 860*; Arts Law Centre of Australia, *Submission 706*.

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

124 K Bowrey, *Submission 554*.

125 Australian Government 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.

126 Stakeholders referred to a number of different formulations, including: ABC, *Submission 775*; CSIRO, *Submission 774* (reasonable fee for future use); Intellectual Property Committee, Law Council of Australia, *Submission 765* (reasonable royalty for the use in question); ARIA, *Submission 731*; Copyright Advisory Group—Schools, *Submission 707* (fair remuneration); International Association of Scientific

efficient ‘market-oriented’ solution to the orphan works problem.¹²⁷ Stakeholders therefore suggested that ‘reasonable compensation’ for non-commercial uses of an orphan work may attract zero or no royalty fees.¹²⁸

13.83 On the other hand, ‘reasonable compensation’ for commercial uses might equate to the price that would have been negotiated between the parties, or a reasonable market price.¹²⁹ The University of Sydney suggested that copyright owners should be restricted from claiming damages, but could claim an account of profits which would be discounted for fair use.¹³⁰

13.84 The Australian Copyright Council considered that a limitation on remedies was not necessary because a competent lawyer could plead such matters ‘in mitigation under existing law’.¹³¹ However, the Law Council of Australia suggested that amendment is necessary because ‘it is unclear to what extent the courts are willing to adopt a reasonable royalty basis for assessing the amount of damages except in cases where the copyright owner has a practice of licensing’.¹³²

13.85 Some suggested that where an orphan work is used for non-commercial purposes and the user expeditiously ceases infringement after receiving a notice, there should be no compensation at all.¹³³ Others suggested that remedies should only be limited to future profits, and that previous uses should be allowed without authorisation, so as not to stifle mass digitisation projects.¹³⁴

13.86 Stakeholders also suggested that some limitations on injunctive relief will be necessary.¹³⁵ For example, SBS submitted that account of profits should not be available where the use of the work is included in another work.¹³⁶ The Queensland Law Society argued that injunctions should not be available where that would unreasonably restrict use of a work that has commenced, particularly derivative works.¹³⁷

13.87 The ALRC recognises that it is important to get the balance right in terms of limiting the remedies available for infringement, and considers the model suggested by

Technical and Medical Publishers, *Submission 560* (licence fee for the entire term of use as would have been negotiated between the parties); National & State Libraries Australasia, *Submission 588*; ADA and ALCC, *Submission 586*.

127 Motion Picture Association of America Inc, *Submission 573*.

128 For example, the University of Sydney argued that attribution and take down if requested by the copyright holder is sufficient: University of Sydney, *Submission 815*.

129 See, eg, IASTMP, *Submission 200*; John Wiley & Sons, *Submission 239*.

130 University of Sydney, *Submission 815*.

131 Australian Copyright Council, *Submission 654*.

132 Intellectual Property Committee, Law Council of Australia, *Submission 765*.

133 CAMD, *Submission 719* suggested that its members ‘have indicated a willingness to be involved in the development of an industry wide policy for take-down where copyright concerns are raised’. See also Arts Law Centre of Australia, *Submission 706*.

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

135 Queensland Law Society, *Submission 644*; Association of American Publishers Inc, *Submission 611*; Google, *Submission 600*.

136 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 and 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*.

137 Queensland Law Society, *Submission 644*.

the US Copyright Office to be a good starting point. The Australian Government may wish to consult further with stakeholders on the appropriate form of limitation on remedies.

A copyright or orphan works register

13.88 Stakeholders suggested that the orphan works problem has been exacerbated by extensions to the term of copyright and by prohibitions on imposing formalities on registration of works in international agreements.¹³⁸ The role of registration as an effective method for dealing with copyright issues, including orphan works, has gained some traction in copyright reform.¹³⁹

13.89 Some stakeholders suggested that an orphan works or copyright register would be important to future copyright reform.¹⁴⁰ The Australian Copyright Council suggested that reforms should address the issue of ‘works being orphaned in the first place’.¹⁴¹ Others emphasised the problems faced by photographers whose works may be orphaned due to metadata being stripped from them.¹⁴² Associate Professor Ariel Katz submitted that orphan works reform should also focus on the ‘supply side’, because copyright owners ‘who do not internalise the full social cost of forgone uses, face suboptimal incentives to maintain themselves locatable’.¹⁴³

13.90 Stakeholders highlighted the benefits of registers in reducing instances of orphan works. The Motion Picture Association of America highlighted the success of the US Copyright Office’s comprehensive register of copyright works and noted:

Indeed, MPAA believes that few commercially released motion pictures could qualify as orphan works, because use of the Copyright Office’s registration and recordation systems has long been routine in the motion picture industry; all major motion pictures are registered with the US Copyright Office, regardless of their country of authorship.¹⁴⁴

13.91 Similarly, the collecting society APRA/AMCOS noted that orphan works are not a significant issue for owners of musical works, due to its comprehensive database that can be accessed for a small fee.¹⁴⁵

138 *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*.

139 W Patry, *How to Fix Copyright Law* (2011), 203–209. See also, Comité Des Sages, *The New Renaissance: Reflection Group on Bringing Europe’s Cultural Heritage Online* (2011), 5 recommending that ‘some form of registration should be considered as a precondition for a full exercise of rights. A discussion on adapting the Berne Convention on this point in order to make it fit for the digital age should be taken up in the context of WIPO and promoted by the European Commission’.

140 ABC, *Submission 775*; Motion Picture Association of America Inc, *Submission 573*; BSA, *Submission 248*; PPCA, *Submission 240*; N Suzor, *Submission 172*; Australian Copyright Council, *Submission 219*; Google, *Submission 217*; Walker Books Australia, *Submission 144*; Art Gallery of New South Wales (AGNSW), *Submission 111*.

141 Australian Copyright Council, *Submission 654*.

142 Australian Institute of Professional Photography (AIPP), *Submission 152*.

143 A Katz, *Submission 606*.

144 Motion Picture Association of America Inc, *Submission 573*.

145 APRA/AMCOS, *Submission 247*.

13.92 The Business Software Alliance urged copyright industries to ‘develop and integrate databases of copyright information to suit the particular types of works and business models’.¹⁴⁶

13.93 The Music Council of Australia suggested that a number of online systems, platforms and processes could be developed with the assistance of the Australian Government, and that such a system could benefit both users and creators and ‘could enable the licensing of orphan works’.¹⁴⁷

13.94 Australian copyright academics Professor Michael Fraser and David Court have also suggested that the Australian Government set up a national copyright register. This would allow rights holders to voluntarily register their work and could act as a hub for accessing online content.¹⁴⁸ They suggest that the Australian Government issue a Green Paper and should thereafter run a pilot project that would focus on Australian films.¹⁴⁹ Further, it was suggested that incentives should be provided to rights holders to register their works, including ‘enjoying a rebuttable presumption of ownership of the copyright in that content in legal proceedings, and when seeking injunctions’.¹⁵⁰

13.95 The Hargreaves Review made similar recommendations for the establishment of a Digital Copyright Exchange (DCE) that would allow users to quickly identify and license works while also giving copyright holders options to license their works.¹⁵¹ A subsequent feasibility study conducted by Richard Hooper recommended the creation of an industry-led and industry-funded ‘copyright hub’, which would serve not only as a registry of rights, but also a marketplace for licensing copyright material.¹⁵² The report suggested that use of the hub would be an element of a reasonably diligent search.¹⁵³ A pilot phase of the hub was launched on 8 July 2013 with connections to 35 websites providing information on copyright or opportunities for licensing.¹⁵⁴

13.96 Similarly, the Copyright Review Committee (Ireland) recommended that the proposed Copyright Council could ‘press ahead with a Digital Copyright Exchange immediately, or wait to reap the benefit of emerging experience in the UK and elsewhere, particularly at EU level’.¹⁵⁵

13.97 Similarly, many submissions to the US Copyright Office’s current inquiry into orphan works also supported the creation of a voluntary copyright register.¹⁵⁶ A

146 BSA, *Submission 248*.

147 Music Council of Australia, *Submission 269*.

148 D Court and M Fraser, *Call for 21st Century Copyright Register* (2013).

149 *Ibid.*, 13.

150 *Ibid.*, 14.

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

152 R Hooper and R Lynch, *Copyright Works: Streamlining copyright licensing for the digital age* (2012).

153 *Ibid.*, 24.

154 Copyright Hub Launch Group, *The Copyright Hub: Streamlining Copyright for the Digital Age* (2013), 8.

155 Copyright Review Committee (Ireland), Department of Jobs, Enterprise and Innovation, *Modernising Copyright* (2013), 171.

156 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; Microsoft Corporation; Science Fiction and Fantasy Writers of America; and Copyright Alliance.

register was said to be a crucial step in reducing the incidence of ‘abandoned’ as well as ‘kidnapped’ orphan works.¹⁵⁷

13.98 While the ALRC has not considered the establishment of a copyright or orphan works register in sufficient detail in this Inquiry to support a recommendation, it agrees with stakeholders that such registers would assist in preventing works from being orphaned in the digital environment. The Australian Government may therefore wish to consider international developments such as the DCE and consult stakeholders further with a view to establishing such a register.

13.99 As technology improves, the creation of such registers will become increasingly viable. They would complement the ALRC’s recommendations in this area as use of such a register would be a persuasive factor in determining whether a reasonably diligent search was conducted.¹⁵⁸

13.100 In the ALRC’s view, any 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’.¹⁵⁹

Recommendation 13–1 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 user of the work has clearly attributed it to the author.

Recommendation 13–2 The *Copyright Act* should provide that, in determining whether a reasonably diligent search was conducted, regard may be had to, among other things:

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

157 Ibid.

158 ABC, *Submission 775*; AIATSIS, *Submission 762*; NFSA, *Submission 750*.

159 *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.