Comments on

ORPHAN WORKS AND MASS DIGITIZATION

Submitted By

THE SOFTWARE & INFORMATION INDUSTRY ASSOCIATION

to

THE UNITED STATES COPYRIGHT OFFICE

February 4, 2013

The Software & Information Industry Association ("SIIA") appreciates the opportunity to respond to the Notice of Inquiry relating to *Orphan Works and Mass Digitization* published by the U.S. Copyright Office in the Federal Register on October 22, 2012. SIIA files the following comments on behalf of itself and its members.

SIIA is the principal trade association of the software and information industry and represents approximately 700 member companies that develop and market software and digital content for business, education, consumers, the Internet, and entertainment. SIIA members represent a wide range of business and consumer interests. They are copyright owners, users of the copyrighted works of others, as well as information aggregators that engage in mass digitization projects. As a result, SIIA and its members are extremely interested in working with the Copyright Office, Congress, the Administration and other interested parties as these important issues relating to orphan works and mass digitization are considered.

The core issue presented by the Copyright Office's Notice of Inquiry is how should U.S. law permit a user of a work protected by copyright to lawfully engage in a proposed use of the work that implicates the exclusive rights of the copyright owner when the user cannot identify and locate the copyright owner for purposes of obtaining permission for such use. To enable the user in such circumstances to proceed with the proposed use of an orphan work despite the risk that the copyright owner could subsequently appear and object to the use as infringing, legislation to amend the Copyright Act was proposed that would limit the legal remedies that would be available to the copyright owner where the user could not, after a "reasonably diligent" search, identify and locate the copyright owner before commencing the use of the work. If the copyright

owner came forward after such a use has commenced, the copyright owner would be entitled to a reasonable licensing fee or royalty (as determined by reference to market practices) but would not be entitled to recover statutory damages, the user's profits, or (in most cases) attorneys' fees, and would not be entitled to an injunction against such use. Criminal penalties for infringement also would be inapplicable to such use.

In early 2005 when the Copyright Office first solicited public comments on orphan works issues, SIIA filed comments and reply comments jointly with the Association of American Publishers (AAP) and the Association of American University Presses (AAUP).[1] In general, SIIA continues to support the views espoused in those comments and the general framework proposed in the prior legislation (as described above).

Much has changed since we filed our comments in 2005. Since that time there have been numerous changes to the copyright legal landscape, and even more significant changes in the various technologies and business models used by copyright owners and users to disseminate and protect copyrighted works. Unfortunately, none of these changes seems to have squarely addressed or abated the orphan works problem. With an increase in mass digitization and data analytic projects over that time, and into the foreseeable future, it could even be argued that the orphan works problem may be even bigger than it was back in 2005.

At this point in time SIIA takes no view as to whether enacting orphan works legislation is necessary or appropriate. As case law in this area begins to more fully develop we may find that provisions in the copyright law are able to adequately address many of the orphan works issues. It is also possible that new market solutions, databases and systems that help potential users identify and locate copyright owners will evolve that sufficiently reduce the orphan works problem.

While it is our view that some combination of new databases and technologies for identifying and locating copyright owners in conjunction with interpretation of the copyright law by the courts may hold the key to addressing the orphan work problem to some extent, it is possible that the Copyright Act and the creation of these new tools may still be insufficient to address all the complexities presented by the multitude of potential orphan works issues that could arise and thus, there may still be a need to consider legislation in this area.

If legislation is deemed as necessary then we believe that such legislation ought to: (i) be as uniform, simple and equitable as possible; (ii) take into account and attempt to balance the interests of copyright users and owners; (iii) incentivize the creation of new tools, technologies, and databases that help potential users identify and locate copyright owners and that make it easier for users and owners to find and communicate with one another about potential licensing, and (iv) establish an environment where it is preferential for owners and users to choose licensing over litigation.

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[1] The joint comments and reply comments can be found at: http://www.siia.net/index.php?option=com_docman&task=doc_download&gid=2113&Itemid=318 and http://siia.net/index.php?option=com_docman&task=doc_download&gid=3802&Itemid=31, respectively.

While SIIA is not prepared to endorse a specific legislative approach at this time, we provide below what we believe to be the essential features of any solution to the orphan works issue – whether through legislation, the courts, technological solutions or some combination thereof.

ESSENTIAL FEATURES OF ANY ORPHAN WORKS SOLUTION

Features that should be incorporated into any orphan works solution:

Promotion of Business Solutions

Markets operate most efficiently when buyers and sellers can easily find one another. Yet our current system does little if anything to promote this concept. If there is to be any attempt to address the orphan works issue the first step should be to create an environment that is more conducive to potential licensees and licensors of copyrighted works finding one another for the purposes of negotiating licensing agreements. Incentives for such market-based approaches must be considered in conjunction with legislative approaches that create new exceptions to exclusive rights or limitations on copyright remedies.

U.S. law should more effectively promote the creation of new tools, technologies, databases, systems and processes for identifying and locating copyright owners. While the most obvious target to provide such encouragement may be the U.S. Copyright Act, other means should also be considered, such as the granting of a tax credit to businesses that create new tools for identifying and locating copyright owners, or the provision of financial assistance by the Small Business Administration to small businesses that create new copyright owner identification and location tools.

U.S. law could also do a better job of encouraging copyright owners to identify themselves. International agreements, such as the Berne Convention and the TRIPs Agreement, which prohibit the imposition of formalities that affect the enjoyment of one's copyrighted work, impose limitations on what the United States can and cannot do to force copyright owners to register their works, identify themselves, and record transfers of ownership. Although these agreements prevent the United States from using the "stick" approach to forcing copyright owners to identify themselves, they do not restrict the ability of the U.S. Government to take the "carrot" approach by providing added benefits to those copyright owners who do register their works, identify themselves, and record transfers of ownership. One example of this approach found in existing law is the provision of statutory damages to copyright owners who timely register their copyrighted works with the U.S. Copyright Office. Perhaps, similar types of incentives can be created to encourage copyright owners to keep their locations up to date and to record any transfers of their copyrights. As noted earlier it may also be prudent to look outside the Copyright Act to provide these incentives.

One shortfall of the orphan works bills that were introduced in the past was that they failed to adequately embrace this type of approach to the problem.

It is therefore essential that any legislation relating to orphan works also take steps to either directly provide for or strongly encourage the creation of the following tools:

- *Transfer of Ownership Database*: An easily searchable database designed to facilitate the tracking of information that identifies successors in interest whenever changes in copyright ownership occur with respect to copyrighted works for example due to corporate mergers, acquisitions or dissolutions, inheritance, bankruptcy or divorce, other transfer of ownership.

- *Owner Identification and Location Database*: A database that tracks the identification and location of copyright owners. The database would document changes in information regarding the identity and location of the copyright owner, such as name change due to marriage, divorce or otherwise, newly revealed attributions or authorship (*e.g.*, due to ownership originally being misattributed, anonymous or pseudonymous) and change in residence.

These databases could be automated to enable owners to easily update their records online and/or to push notifications to owners to remind them to update their records at certain intervals. While submission of information to these database would be strictly voluntary, strong incentives should be created to prod copyright owners to keep their records up to date. These tools could be operated by Copyright Office or private sector group.

Standard for Determining Whether a Work is an Orphan

For a work to be considered an orphan work the potential user of the work must, prior to using the work *as an orphan work*,[2] undertake and document a "reasonably diligent search" for the identity and location of the copyright owner. Any orphan works regime should apply only to uses that occur after the search is completed and only if the search was unsuccessful. The burden should be placed on the user (not the owner) to prove that a search was done in advance of use and that the search was reasonably diligent. What is reasonable will depend on the circumstances. While the reasonableness of the search will depend on the type of work at issue and the type of use,[3] it must not be effected by the status of the user (and thus, should not account for the resources available to the user).

[2] Use of the work before the search is completed should not prevent a user from using the work as an orphan work in the future. For example, if a software company has hired an outside consultant to draft code, which it incorporates into a program, and then years later that company tries to contact that consultant so it can use that same code in a different program (not covered by the parties original license agreement) but the company is unable to locate the consultant, the company's initial use of the code in the first program should not preclude it from subsequently using the code as an orphan work in a different program.

[3] See further discussion of mass digitization below.

Consequences of Using an Orphan Work

If a reasonably diligent search is completed then it's unlikely that the copyright owner of the orphan work will subsequently come forward. In the rare cases where the owner does subsequently appear and object to use of the work, the owner should be compensated for the past use and the user should be required to either stop using the work in the future or to compensate any future uses from the owner (depending on the circumstances).

This limitation-on-remedies approach is more equitable that an approach that creates an exception or limitation to a copyright owner's exclusive rights. An exception or limitation approach would preclude any compensation whatsoever for the copyright owner. A limitation-on-remedies approach, however, would allow the owner to be adequately compensate through payment of a reasonable licensing fee or royalty as determined by market practices that existed at the time of the use, while at the same time protecting the user against a large post-use expense by preventing the copyright owner from obtaining the typical remedies that are available when a copyright infringement occurs -- statutory damages, user's profits, attorneys' fees and injunctions.[4]

Characteristics of an Orphan Work

The U.S. Copyright Act treats all copyrighted works the same -- each work is imbued with the same rights, term of protection and remedies. Consistent with this approach, any orphan works solution should apply to all copyrighted works equally regardless of the type of work or how and when it is fixed or published. We understand that it may be more difficult to identify the owners of certain works, such as photographs, because, among other things, the copyright notice and title of these works are often not readily discernible from the work itself due to the nature of the work. This fact, however, does not mean these works ought to be excluded from any orphan works system. Rather, these additional concerns can be taken into account when determining whether a user has met its burden for the work to be considered to be orphaned.

There should be no minimum "age" requirement for a work before it can be deemed to be "orphaned." In this day and age, it is just as likely that the identity and/or location of the owner of a newer work cannot be determined as with an older work. There is simply no reason to discriminate amongst works based on their age, and doing so could add an additional burden on users by requiring users to not only search for the copyright owner's identity and location but also the date when the work was first fixed or published.

Similarly, orphan works status should apply regardless of whether the work is published or unpublished. Requiring that a work be published would not only add an extra burden on the

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[4] There may be limited times where it would be appropriate to award the copyright owner attorneys' fees or an injunction. For example, where a user refuses to pay a reasonable licensing fee or royalty after the copyright owner comes forward and the fee is so small that there is insufficient economic incentive for a copyright owner to pursue a claim of infringement, it may be appropriate that the copyright owner be able to obtain attorneys' fees and court costs for bad faith uses/negotiations by the user.

user, but because it may be too difficult to determine whether a work was ever published, restricting an orphan works regime to published works could effectively prevent any user from trying to take advantage of the orphan works scheme. For similar reasons, the nationality of the owner as well as the work's country of origin should have no bearing on any application of an orphan work regime.

Lastly, no work should ever get a permanent designation as an orphan work. This means that: (i) once the owner makes himself known any subsequent *new* uses would have to be authorized by the owner; and (ii) only users who meet the standards required to use a work as an orphan work should be able to avail themselves of the orphan work privilege. Those who are unaffiliated with the orphan work user should not be able to rely on the orphan work user's actions to qualify for the orphan work regime (more on this below).

Types of Users and Uses

Each would-be user's use must be considered on its own merits. If the user's use qualifies under the orphan work's scheme, that user's use of the orphan work should be extended to apply to successors in interest (*e.g.*, author, book publisher, book distributors and licensees). It should not however extend to unrelated users. Uses by unrelated users should be considered separately as each situation will be different. An unrelated party should not be able to rely on the orphan use by another party.

Any orphan works solution should also not discriminate amongst potential uses and users (with one exception, below). Consequently, the ability to use a work as an orphan should not be restricted to entities that are libraries, museums, archives or nonprofits or uses that are noncommercial. In various provisions of the Copyright Act, libraries, archives and museums receive somewhat different treatment than other users. We do not rule out the possibility that under an orphan works regime it may be appropriate for these groups to be treated differently due to the different nature of their activities. However, the fact that it might make sense to accord different treatment to libraries, archives and museums does not also justify excluding other groups from an orphan works scheme. The problem of identifying and locating copyright owners applies across the board to all users. It is not unique to libraries, archives, museums or nonprofits and therefore it would be imprudent to restrict an orphan works scheme to certain groups or certain types of uses.

The one exception to the above statement is that we believe that state entities should not be able to avail themselves of any orphan works regime because doing so could cause the United States to be in violation of certain international copyright treaties and agreements, such as the Berne Convention and the TRIPs Agreement. As the result of a series of federal court decisions on the sovereign immunity of States under the Eleventh Amendment, state entities cannot be liable for monetary damages resulting from their acts of copyright infringement. They may, however, be subject to injunctions prohibiting further infringing use of copyrighted works. An orphan work regime that provided the opposite -- allowing the copyright owner of the infringed work to obtain money but not an injunction -- would result in a copyright owner who comes forward being unable to get *both* an injunction (under the orphan works defense) *and* a monetary award (under

the sovereign immunity defense) and, thus, would be left with no legal recourse. This would be a patently unfair result, which almost certainly would violate U.S. obligations under the Berne Convention and the TRIPs Agreement. To avoid this situation, any orphan work regime must either exclude State entities or provide that any State entity must waive its sovereign immunity to avail itself of the orphan work regime.

Formalities

Copyright Office or Other Public Filings: Where an owner cannot be identified there should be no requirement that the user file an intent-to-use statement or make any similar public announcement as these would only serve to delay potential uses and be burdensome for owners to monitor. Where the identity of the owner is known but cannot be located there might be some small value in a targeted public announcement, although it is still highly unlikely that such announcement would help locate the owner after a reasonably diligent search failed to bear fruit.[5]

To prevent abuse, a record of the search must be made prior to use. The Copyright Office could establish a process for accepting and retaining orphan works search records and for making them available upon a proper request. Since the benefit and the burden of submitting the records both fall on the user the filing of a search report with the Copyright Office should be entirely voluntary. The report would merely be date stamped and retained by the Copyright Office in the event the user's orphan work use is called into question in the future.

Notice/Attribution: There seems to be no reason to require any type of special orphan work notice (such as "OW" in a circle) be added to the user's use of the orphan work. Such a notice would serve little purpose and could quickly be misleading if the copyright owner subsequently appears. This is especially true for static or traditional works. Where a work is in digital form and the notice can be quickly easily revised (like on a website), there may be some argument for requiring an orphan work notice be added since the chances of it being misleading can be minimized.

Users of an orphan work should be required to place a some type of copyright notice on the work, otherwise the public might be misled to believe that the work is not protected by copyright. Where the identity is unknown the phrase "unknown copyright owner" or like terminology may be used in lieu of the copyright owner's name.

Orphan Works Tribunals: There is no need to create a copyright tribunal responsible for handing down judgments on potential orphan work uses prior to their use. Such a tribunal would merely add undue cost and delay and further burden the user, while providing no real benefit. Any orphan works use should be the providence of the federal courts, as is the case with all other copyright matters.

[5] See below for additional input for cases involving mass digitization.

Orphan Works in the Context of Mass Digitization

SIIA considers "mass digitization" to be the conversion of copyrighted and non-copyrighted materials from non-digital to digital form on a large scale basis using a fully or semi-automated process. But mass digitization may also include the process of converting material from one digital format to another on a large scale basis using a fully or semi-automated process.[6] Because of the nature and scale of these processes some of the essential features of orphan works legislation set forth above do not work effectively in the context of mass digitization.

While requiring a reasonably diligent search should be an essential component of any orphan work legislation, what is considered to be "reasonable" for an occasional or isolated orphan work use will likely be quite different than what should be considered to be "reasonable" in the context of a mass digitization use. For example, it might be appropriate to specify that "reasonable search" is satisfied for purposes of mass digitization when the user does automated queries of certain specific databases (as identified above) and the databases do not provide current and accurate owner contact information. If the standards were to be the same regardless of the use, than the burden on the mass digitizer would be so high that it might prevent certain mass digitization projects from occurring.

If the search standard is lower for mass digitization projects then arguably there will be a greater chance that those searches will fail to find copyright owners that may have been found under the standard that would apply for occasional or isolated uses. To offset this problem, orphan works legislation could require that mass digitizers take certain additional actions that occasional and isolated orphan work users would not need to do. For example, it might be prudent to require mass digitizers to put aside money in an escrow account in which to pay those copyright owners who come forward. Similarly, a public announcement may make more sense in the mass digitization context, especially where the works being digitized are of a certain type, similar location or otherwise share similar features.

Conclusion

In closing, we would like to thank you for the opportunity to provide these comments. SIIA will carefully review and consider other comments submitted to the Copyright Office in response to its Notice of Inquiry and looks forward to submitting reply comments, as necessary, that will address the views of other commenters. If you have questions regarding these comments or would like any additional information please feel free to contact Keith Kupferschmid, SIIA's General Counsel and Senior Vice President of Intellectual Property, at (202) 789-4442 or keithk@siia.net.

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[6] For example, for the purposes of data and text analytics one of the first things data and text miners do is to prepare unstructured data or text by tagging it and creating standardized formats to analyze the data/text. For more examples see http://www.siia.net/blog/index.php/2013/02/text-mining-revolutionizes-academic-research/.