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VIA ELECTRONIC MAIL

Jule L. Sigall, Esq.  
Associate Register for Policy and International Affairs  
U.S. Copyright Office  
Copyright GC/I&R  
P.O. Box 70400  
Southwest Station  
Washington, D.C. 20024

Re: **Orphan Works Notice of Inquiry: 70 Fed. Reg. 3739 (Jan. 26, 2005)**

Dear Mr. Sigall:

I am pleased to submit the following comment on behalf of the Motion Picture Association of America (MPAA) in response to the Notice Of Inquiry (NOI) referenced above. MPAA commends the Copyright Office for initiating this inquiry on an important topic, and appreciates the opportunity to participate.

MPAA serves as the voice and advocate of the American motion picture, home video and television industries from its offices in Los Angeles and Washington, D.C. These members include: Buena Vista Pictures Distribution; Metro-Goldwyn-Mayer Studios Inc.; Paramount Pictures; Sony Pictures Entertainment Inc.; Twentieth Century Fox Film Corporation; Universal Studios from Universal City Studios; and Warner Bros. Entertainment Inc.

## **I. Introduction and General Observations**

The premise of this proceeding, as stated in the NOI, is that difficulties in identifying and locating the owners of copyright in some “orphan works” are impeding the ability to make productive uses of these materials, either by drawing upon them to create new works, or by making the original “orphan works” themselves available to the public. MPAA agrees that this is sometimes a problem, and that it is well worth considering means to ameliorate it. However, at the outset, it is imperative to reach a common understanding about what an orphan work is – and is not.

In its simplest terms, a work should be considered orphaned only when a would-be user of the work, after exercising due diligence in research and investigation, cannot identify or locate the legal or natural person who has the authority to grant the user’s wish – to grant permission or enter into a license, for the exercise of one or more exclusive rights with respect to the work. (We will refer to this person as

the “copyright owner” for convenience, although it may in fact be a person that the copyright owner has authorized to license the use in question [e.g., for commercial motion pictures, this person is often the distributor]). In some cases, a duly diligent would-be user simply cannot identify who owns the rights in question. In other cases, the owner can be identified with some certainty, but cannot be located, even by a reasonably diligent user. In both these circumstances, the work can fairly be classified as an orphan.

However, a work is not properly classified as an orphan if the user has been able to communicate with the copyright owner but has not succeeded in gaining the permission she seeks, whether because of the failure to agree upon a license fee or for some other reason. Silence in response to the would-be user must not be presumed to be consent. Conversely, the fact that a user may need to expend some time, energy, or financial resources in order to identify and locate the copyright owner does not of itself make the work an orphan. The critical question is, what are the steps a reasonable user must take before it can be said that her search for a work’s copyright owner has gone far enough? When has her quest been sufficiently diligent that, if it has not borne fruit, some accommodation ought to be made? The proper role for that accommodation is not to substitute for market forces (when the copyright owner can be found), nor to facilitate unpermitted uses by those who are not willing to make reasonable efforts to obtain permission, but to provide greater certainty when those reasonable efforts are unavailing.

MPAA member companies have seen this problem from both sides, as copyright owners and as would-be users of copyrighted works of others. In creating new audio-visual works, our studios often draw upon pre-existing works, such as an underlying literary work, and incorporate in our productions other pre-existing works, such as photographs, music or visual art. In these cases, we must attempt to identify and locate the owners of copyright in these works so that we may seek to obtain their permission for these uses. Usually we succeed, but sometimes despite our best efforts the search is fruitless.

At the same time, MPAA member companies, as copyright owners, receive, process and negotiate many requests for subsequent uses of works in whose copyright we have an ownership interest. As a general rule, few if any commercially released U.S. motion pictures are “orphan works,” and the same would usually be true of other properties whose rights are owned or managed by major movie studios. MPAA members are heavy users of the Copyright Office’s registration, renewal and recordation systems; other databases bearing on ownership of our properties are readily available to the public; and our products in all formats are clearly labeled with identifying information about the copyright owner, producer and director. Thus, a reasonably diligent searcher should almost always be able to locate and identify MPAA member companies as copyright owners of commercially released works, and seek permission for a particular use. Thousands of people do so every year.

Beyond the definitional starting point, three general observations must be kept in mind in fashioning an appropriately careful and balanced policy regarding “orphan works.”

First, not all works should be treated in exactly the same way. While general principles could be applied across the board – for instance, that works should be treated as orphans only if a duly diligent search would not have revealed the identity or location of the copyright owner --- as a practical matter they will mean very different things for different categories of works. What due diligence requires will be different for works such as commercially released motion pictures (a relatively small universe for which a relatively comprehensive publicly accessible record exists) than for individual photographs or paintings, or ephemera such as posters or advertisements, where the volume of works is huge and a search of the publicly accessible records may be far more difficult and less productive. The results will be different as well: as noted above, we believe there are few orphan works among commercially released U.S. motion

pictures, but there may be a higher proportion of orphan works in other categories, simply because the information resources available to a reasonably diligent searcher in these fields are far sparser.

Second, not all proposed uses should be treated exactly the same. There is a continuum of uses that non-licensees may wish to make of copyrighted materials. At one end of the spectrum, a user such as a documentary film-maker may wish to include a short excerpt from newsreel footage or a musical composition, or to display a poster or a photograph on-screen for a brief duration. Commonly, documentarians face the transactional challenge of clearing scores or hundreds of such excerpts from a wide range of sources. While surely there are exceptions, as a general rule, such uses are unlikely to have a major impact on the market for the copyrighted work used, so the argument for recognizing some sort of accommodation is relatively high here, in those instances in which, after expending resources in a reasonably diligent search for the copyright owner, the documentarian comes up dry.

A nearby point of the continuum is represented by requests for permission for archival or preservation-related activities that may fall outside the scope of fair use or of the exceptions contains in 17 USC § 108. For instance, while one of these exceptions may permit copying a classic silent film in the course of restoring it, such exceptions do not extend to ancillary uses, such as a not-for-profit public performance of the restored copy on the premises of the archives. Even though such uses involve the entirety of a work, a relaxation of the strict requirement to obtain consent may be justified in circumstances where the copyright owner cannot be identified or located.

Uses further up the continuum are likely to impinge more drastically upon the interests of the copyright owner. Such uses include: the public performance or distribution of an entire work (or a substantial portion thereof) when this is not connected to an archival or preservation objective as described above (and particularly when the exploitation would be on a commercial basis); the preparation and distribution of a derivative work based on the “orphan work;” and any online dissemination of a substantial portion of an “orphan work.” Such uses would be less viable candidates for an accommodation under an “orphan works” policy, and if any relaxation of the general rule of requiring permission is accorded, it should be more strictly conditioned than in the case of the less intrusive uses at the other end of the spectrum.

Third, two fundamental constraints on changes of either laws or practice in this area should be borne in mind. Both are drawn from well-established international norms that are most clearly articulated in the Berne Convention for the Protection of Literary and Artistic Works. First, the enjoyment and exercise of the copyright owner’s exclusive rights cannot be conditioned on compliance with any formality, such as a registration or notice requirement. *See* Berne Art. 5.2. Second, to the extent that any proposed solution in this area involves recognition of an exception to or limitation on exclusive rights, it must satisfy the “three-step test” set out in Berne Art. 9.2 (and applied to all rights in Art. 13 of the WTO TRIPS Agreement), i.e., that it (1) be confined to “certain special cases;” (2) not conflict with “a normal exploitation of the work;” and (3) “not unreasonably prejudice the legitimate interests of the author.” While these principles set the outer boundaries of what can be done to address the orphan works problem, MPAA believes that there are a number of options falling within these boundaries which deserve serious consideration.

MPAA believes that all these factors counsel a measured and incremental approach to the issue of orphan works. At the same time, it seems clear to us that the current system could be improved, and we welcome this proceeding as a forum for discussing ways to reduce the uncertainty and inefficiency that are always present when the copyright owner simply cannot be located. In keeping with the incremental approach, we believe that solutions should focus on situations in which the uses sought are relatively

minor impingements on the exclusive rights of the copyright owner, and on types of works in which it is most likely that the reasonably diligent user will be unable to identify and locate the copyright owner. In the spirit of taking first steps first, MPAA urges the Copyright Office not to overlook reforms that could be made without amending the law or adopting new regulations. For example, the Copyright Office's public records concerning registration and renewal of copyright, and recordation of copyright transfers and assignments, are currently available online only for transactions since 1978. If the Office's entire database were made fully available online, the number of proposed uses that become "orphaned" because of uncertainty about subsistence of copyright, or inability to identify or locate the owner, could be substantially reduced, though certainly not eliminated. Beyond this, MPAA urges that this inquiry should stress what can be achieved through voluntary measures and the development of best practices on a sector-by-sector basis, as well as through remedial limitations or the recognition of temporary privileges where necessary, rather than requiring major legislative changes.

## **II. Responses to Specific Questions Posted by the NOI**

### **1. Nature of the Problems Faced by Subsequent Creators and Users**

As noted above, MPAA member companies frequently must obtain rights or clearances in pre-existing works. In many cases these involve paintings, sculptures, and other works of art that are visible in scenes from our movies, as well as murals and similar installations that appear in locations where the films are shot. While it is usually possible to identify and locate the copyright owner and secure the necessary rights, sometimes it is not, and an accommodation involving "orphan works" could provide greater certainty and efficiency in these circumstances. Occasionally, the "orphan works" involved are more fundamental to the project. To give a recent example, one studio wishing to remake a film from the early 1950's that was based on a short story published ten years earlier identified the individual copyright owner as someone who had died intestate in the early 1980's. The studio employed private investigators and genealogists in an unsuccessful effort to identify and locate any living heirs, and ultimately paid a license fee to a government agency in the county in which the copyright owner died, to be held in escrow in case an heir turns up in the future. This example, while not common, is far from unique.

### **2. Nature of Orphan Works: Identification and Designation**

In general, as indicated above, the "orphan works" designation should be limited to those works for which the would-be user, after conducting research that meets the standards of due diligence, is unable to identify or locate the copyright owner. The NOI labels this as a "case-by-case" approach, but in fact it will only be practical and predictable if it is based on a common understanding of what constitutes due diligence, at least for a particular category of work. This standard will certainly vary, depending on the type of work and the use sought to be made.

As a first step toward developing due diligence standards, MPAA would support the convening by the Copyright Office of roundtables of interested and knowledgeable parties to spell out best practices in identifying and locating copyright owners for particular copyright sectors (e.g., motion pictures, photographs, recorded music, fine art). Such best practices would not only clarify what steps would-be users should reasonably be required to take, but also define realistic timetables so that potential uses of orphan works do not languish in limbo as is too often the case today. MPAA would be interested to participate in such roundtables, not only with respect to motion pictures, but also with respect to some other types of works. If the roundtables are successful, their work product could take the form of non-legislative guidelines to which the courts could have reference in adjudicating infringement cases involving orphan works.

The concept of a registry of continuing claims of ownership requires further discussion. One constraint on such an approach, as noted above, is the Berne prohibition on formalities as a condition on the exercise or enjoyment of an exclusive right. Thus, to excuse otherwise infringing activity on the grounds that the work in question does not appear in a public registry of continuing claims would be problematic. However, there may be considerable scope for the creation of such registers on a voluntary basis, and for making consultation of such a register (or of existing voluntary registers that are fairly comprehensive within a given field) a required step in establishing due diligence in seeking permission. As a first step in what the NOI refers to as the “formal approach,” the sectoral roundtables under the auspices of the Copyright Office, as described above should be asked to identify existing registries and databases in which right holders should be encouraged to register, and which permission seekers should be encouraged to consult. The roundtables could also propose the creation of new databases in those sectors where existing information resources are too often insufficient to allow a diligent researcher to identify and locate a copyright owner.

3. Nature of “Orphan Works”: Age

The prevalence of orphan works may correlate fairly well with the age of the work, but certainly not perfectly. It is relatively easy to identify and locate the copyright owners of some older works, while the trail may grow cold quickly even for some relatively new works. Therefore, it would not be advisable to define “orphan works” based solely on their age.

4. Nature of “Orphan Works”: Publication Status

Because of the importance of maintaining the right of first publication, it seems preferable to confine any “orphan works” accommodation to published works only, at least as a first step. We acknowledge, however, that the publication status of some of these works may be unclear, and some reasonable rule will need to be devised to cover the situation in which the user has a good faith and well-grounded – but ultimately incorrect -- belief that a work has been published.

5. Effect of a Work Being Designated “Orphaned”

MPAA believes that whatever accommodation results from a work being designated as “orphaned” should apply only in the context of the particular proposed use, by the particular user, that triggered this designation. As noted above, the nature of the use proposed must be a critical factor in the analysis; an accommodation that allows a user to incorporate a brief excerpt from a television program in a documentary film, for instance, should not necessarily be applicable to another user who wishes to distribute the television program commercially or to create a sequel or remake. Similarly, if one user fails to exercise due diligence and thus does not qualify for an accommodation, this should not foreclose subsequent users from meeting the standard.

In general, MPAA supports the concept that a remedial limitation is the best way to implement an accommodation for orphan works. Under this approach, the unauthorized exercise of an exclusive right in the work would remain an infringement, but the remedies available to a copyright owner would be limited. If properly calibrated, the practical effect of this approach could be to encourage some range of uses of these works that do not occur today because the degree of exposure to liability is deemed too uncertain and potentially too great. Restrictions on damages and other relief in these circumstances would allow users to better manage the risk they undertake by proceeding without permission.

The Copyright Act already reflects this approach to a considerable degree. For example, under § 504(c)(2), when an infringement is carried out under the reasonable belief that the use is fair, courts have the authority to substantially reduce statutory damages, and are directed to eliminate them altogether in certain cases involving libraries and archives. Furthermore, under § 412, statutory damages and the award of attorneys' fees are barred in many cases involving infringements that begin before a work is registered. (Full online access to Copyright Office registration records will help would-be users to determine whether the work in question falls into this category, and thus whether their exposure for monetary relief is already limited to whatever actual damages can be proven.)

These statutory precedents could be adapted to apply to specified uses of those orphan works whose owners cannot, through the exercise of due diligence, be identified or located. For instance, a user who has been unable to identify or locate the copyright owner, after exercising due diligence, would be able to make certain uses, such as incorporation of an excerpt, or uses ancillary to preservation activities (such as on-site public performances), while limiting his potential financial exposure if the owner later emerges and claims infringement. Consideration should also be given to requiring a user who wishes to benefit from these remedial limitations to record the use he has made, in a publicly accessible database.

One approach worth considering is to limit recovery to the payment of a reasonable license fee, calculated according to what a willing licensor and licensee could reasonably have been expected to agree on for the particular rights involved in the particular fact situation presented. In other words, this fee would represent the payment that most likely would have been negotiated had the user succeeded in locating the owner. In a variation on this approach, the user could be required to pay this sum into escrow at the time of use, so that funds would be available for recovery in a later action. While such an escrow provision would complicate the model somewhat, both in terms of how the payment level would be set and how the funds would be handled, it would be worth considering, at least for a limited category of uses and in sectors where the "orphan works" problem is likely to be more prevalent. Consideration should also be given to limiting the availability of injunctive relief in infringement cases brought by owners of "orphan works," to vindicate the reliance interest of a user who has diligently but unsuccessfully searched for the owner before making the use she sought.

Of course, the viability of any remedial limitation depends on establishing a clear definition of due diligence that takes into account the information resources and professional expertise reasonably available in a particular copyright sector. Once the due diligence level has been clearly set at a level that is fair to both users and copyright owners, those users who expend this level of effort in a bona fide attempt to locate and identify the copyright owner should be accorded greater certainty than they can achieve today.

## 6. International Implications

The NOI correctly identifies the major constraints that international norms impose on options available to the U.S. in this field. A carefully calibrated system of limitations on remedies for infringement of described categories of works for specified kinds of uses less likely to go to the heart of copyright interests has the best chance of threading this needle.

Two additional international aspects of this question are extremely important. First, it will often be the case that an older work that has fallen into the public domain in the United States for non-compliance with formalities such as notice or renewal will remain subject to copyright protection in most other territories. Unauthorized uses of such works, particularly when they involve online uses that are accessible in those territories, may result in full infringement liability even when the user has discovered,

through its due diligence research efforts, that copyright no longer subsists in the work in the U.S. More broadly, the fact that a user has researched the status of ownership in a work, and sought permission for a use, in a way that satisfies U.S. due diligence standards and may entitle that user to some limitation on remedies, or even on liability, under U.S. law, may be completely irrelevant to the user's liability under the copyright law of another country which is implicated by the use it has undertaken. To minimize confusion and disappointment, the Copyright Office should consider ways to effectively communicate this fact of life to would-be users of orphan works.

Second, whatever policy change is made in the U.S., we must keep a watchful eye on how it will be received, imitated, or even abused in the laws of other countries that frequently look to U.S. law as a model. To give only one example, the presence of a robust copyright registration and recordation system in the U.S. provides a rich database that would, especially if it were more readily accessible in full, greatly assist users in identifying and locating copyright owners, in many, though certainly not in all, cases. For historical reasons, most other countries lack this resource; and the U.S. registration database itself will inevitably be far less accessible to users in foreign countries due to technological and language barriers. Thus it will likely be difficult for the U.S. model on orphan works to be a template for other countries, without risking serious incursions on the practical ability of rights holders to enjoy and exercise their rights.

The combination of these two factors suggests that any orphan works accommodation should be inapplicable, at least at the first step, to works of foreign origin. Under U.S. law, even a reasonably diligent search may reach an incorrect conclusion regarding the subsistence of copyright in such works; for example, a pre-1964 foreign work may have fallen into the public domain due to failure to renew, but may subsequently have been restored to protection under § 104A, as added in 1994. Thus it would be more perilous for a would-be user to rely on the results of her research, and more difficult to craft an acceptable due diligence standard in this area. Furthermore, the risks to U.S. copyright owners if a foreign jurisdiction improperly adapts the U.S. "orphan works" model are increased if that model applies to foreign works, and thus invites other countries to do the same. For these reasons, the recommended incremental approach should focus first on orphan works of U.S. origin, and perhaps even on the subset of works first published in the United States (or incorporated in a building or structure in the United States). Even for works whose owners cannot be identified and located, it may well be possible to determine the fact that the work was published and in which country this occurred. However, a comprehensive and sound orphan works policy should also account for the situation in which even this basic information about a work is unavailable.

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MPAA appreciates the opportunity to provide its views on this important topic. We look forward to reviewing the other submissions, and to participating in further phases of this inquiry. Thank you in advance for your consideration of these views.

Respectfully submitted,



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