

BRITISH COPYRIGHT COUNCIL

ANNEX

Orphan works and other orphan material: the BCC proposal

This is the reply of the British Copyright Council to points raised in the UK IPO paper “Orphan works – potential solutions” 23 September 2008 (“the UK IPO paper”).

A. UK IPO Executive Summary

With the comments noted below, we respectfully agree with the following points in the Executive Summary of the UK IPO paper, para.3.1:

- There are respectable arguments that it would be possible to introduce a legislative scheme for the exploitation of orphan works which is compatible with the current provisions of the Information Society Directive (2001/29/EC)
- Any such scheme would require primary legislation.
- A scheme could provide for the administrator of the scheme to grant licences on being satisfied that any due diligence requirements had been satisfied. The grant of a licence could entail the payment of a fee.
- It would be desirable to have prior European Commission endorsement for any UK legislative scheme for the exploitation of orphan works.

The Executive Summary also refers to section 107 of the Copyright, Designs and Patents Act 1988 (“the 1988 Act”). The question of liability under section 107 for licensing of non-mandated works is complex, and different facts in particular cases may give different conclusions as to liability.

The Executive Summary also states that monies paid could (after deduction of the costs and expenses of the scheme) be retained in a fund and if not claimed by the owner of the rights in the orphan work, be paid into the Consolidated Fund. As noted below in section F 4, we consider that in principle unclaimed funds should be used for the benefit of rightowners or the creative and performing community.

B. Legislative options

In the UK IPO paper, three legislative options are set out in para.7.1. The British Copyright Council submitted to Roger Wyand QC a number of legal points arising from these options. In brief, the British Copyright Council does not support any of these three options:

Option (a) (exception): we do not agree that orphan works should be the subject of an exception to rights granted under the Copyright, Designs and Patents Act 1988 (“the 1988 Act”):

- (i) a proposal for an exception for orphan works would raise problems in conforming to the list of permitted exceptions under Article 5 of the Information Society Directive,
- (ii) an exception is in our view neither desirable nor necessary, given the solution which we propose in this reply, and
- (iii) an exception could in our view open the flood-gates to uncontrolled use of protected material, particularly on the Internet.

Option (b) (*bona vacantia*): we do not support the *bona vacantia* approach, considering that

- (i) it would cause problems in implementation as to practical licensing procedures;
- (ii) it would introduce a controversial concept as regards the recognition of rights under the 1988 Act, and
- (iii) it does not, as the orphan works solution should, provide benefits for the rightowners and creative and performing community.

Option (c) (US draft legislation): we do not support the approach being considered in US draft legislation, because

- (i) the proposal has the effect of leaving the user in the position of an infringer during use and pending the outcome of eventual litigation, a position which we consider is not in the interests of the rightowner, the user or the public;
- (ii) it limits the remedies available to the rightowner.

C. Categories of rightowners and granted rights

The following are categories of initial rightowners under the 1988 Act and relevant Statutory Instruments:

- (1) Authors of literary, dramatic, musical and artistic works (including computer-generated works) (ss.1(1)(a), 9(1)(2)(3), 77, 80);
- (2) Producers of sound recordings (ss.1(1)(b), 9(2)(aa));
- (3) Producers of films (ss.1(1)(b), 9(2)(ab));
- (4) Principal directors of films (ss.1(1)(b), 9(2)(bb), 77, 80);
- (5) Broadcasters (ss.1(1)(b), 9(b));
- (6) Publishers (ss.1(1)(c), 9(d); S.I. 1996/2967, 16(1));
- (7) Employers (s.11(2));

- (8) Holders of rights against false attribution and commissioners of certain photographs (ss.84, 85);
- (9) The Crown (ss.163, 164);
- (10) House of Lords, House of Commons, Scottish Parliament, Northern Ireland Assembly (ss.165, 166, 166B, 167);
- (11) International organisations (s.168);
- (12) Performers (ss.180-184; S.I. 2006/18);
- (13) Persons having recording rights (ss.185-188);
- (14) Designers (ss.214, 215(1); S.I. 1989/1100).
- (15) Commissioners of designs (s.215(2); S.I. 1989/1100).
- (16) Database makers (S.I. 1997/3032, 14).

There are also the provisions of section 169 (unpublished works of unknown authorship and foreign qualifying individuals).

2. Initial rightowners' rights

Initial rightowners may enjoy:

- (a) Economic rights (all categories under 1. above)
- (b) Moral rights (authors of literary, dramatic, musical and artistic works, directors of copyright films, performers).

3. Actual rightowners

Actual rightowners may, according to the circumstances, be

- (a) Persons under 1. above,
- (b) Successors in title to persons under 1.above (as assignees or licensees).

D. Identification of rightowners

There may be one or more categories of rightowners in respect of a particular item of subject matter, and different rightowners as regards the different constituents of that item, e.g.

- (1) Literary text: as regards the copying right: author, employer, assignee, licensee, and as regards the right of communication to the public, the same or different rightowners as those entitled in respect of the copying right.
- (2) Sound recording: author of musical work, author of words, performers, sound recording producers, or employers, assignees or licensees of these persons.
- (3) Film: producer, director of film or their employers, assignees or licensees; authors of literary, dramatic, musical and artistic works, sound recordings etc. comprising or included in the film.

- (4) Broadcast: broadcaster; owners of rights in material broadcast (as authors of works, performers, producers, directors etc., or their employers, assignees or licensees).

In a particular case a prospective user may not be able (a) to identify, or (b) if identified, to find the respective rightowner whose permission is necessary to use the item concerned: such item thus falls in the category of orphan works and other orphan material.¹ In order to ensure authorisation of use and appropriate remuneration to all rightowners concerned (where claimed), it is proposed that the 1988 Act be amended as described hereunder.

E. The BCC proposal: “Legitimated use”

1. General

The British Copyright Council proposes that licensing of the use of orphan works and other orphan material should be legitimated by a system established by amendments to the 1988 Act, as described hereunder, to provide the means of obtaining the necessary licences in these cases, in ways which are in the interest of the rightowner, the user and the public, by facilitating the ordered application of the law in an equitable and practical manner.²

The BCC proposal incorporates a system with the following features, which we regard as essential elements as regards licensing the use of orphan material:

- (1) Legislative solution, i.e. a system validated by statute, and based on management of rights, not requiring statutory exception to granted rights.
- (2) Conformity to existing legislation structure, i.e. a system based on the present provisions of the 1988 Act and not requiring introduction of substantial changes to existing procedures and practices.
- (3) Conformity to international and regional instruments, i.e. a system conforming to the UK’s international and EC obligations (Berne and Rome 1961 Conventions and the TRIPS Agreement, 1994 and EC law) (including conformity to “three step” test). As far as European Community law is concerned, the BCC proposal reflects Recital 18 of the EC Information Society Directive which states that the Directive is without prejudice to the arrangements in the Member States concerning the management of rights.³

¹ For a general description of the problems in this area see J.A.L. Sterling *World Copyright Law* 3rd edition 2008, paras 12.32-12.37.

² The BCC proposal is based on proposals in a paper by Professor Adrian Sterling, and with his permission incorporates material in that paper.

³ The Recital refers to extended collective licences as an example of such management, that is licences under the system, as in Scandinavia, under which licensing bodies are authorised

- (4) Recognition of economic and moral rights, i.e. a system providing means for the effective recognition of the rightowner's economic and (where subsisting) moral rights, by application of terms of use.
- (5) Provision of remuneration, i.e. a system enabling the rightowner to obtain remuneration for the legitimated use.
- (6) Comprehensive coverage of rights, i.e. a system affording the facility of licensing use of all orphan material within all categories of subject matter protected under Parts I to III of the 1988 Act (i.e., broadly, rights of authors, performers, producers, broadcasters, publishers, designers, database makers).
- (7) Liability coverage, i.e. a system providing relief from civil or criminal liability in respect of licensing of uses in accordance with the statute.
- (8) Control of licence terms, i.e. a system affording facilities for overseeing of licence conditions by application of existing provisions in the 1988 Act.

In addition to ensuring the recognition of the interests of rightowners, the BCC proposal thus (i) assures the interests of users by making available for them the means of legitimate use of protected material, rather than leaving prospective users with the options of desisting from using the material, or running the risk of infringement with attendant civil and criminal liability, and (ii) conforms to the public interest in ensuring that the law provides the means of effective recognition of statutory rights and the legitimated availability of protected material for access by the public at large.

2. Summary of BCC proposal

(a) Proposed amendments to the 1988 Act

The BCC proposal is that the 1988 Act be amended as follows:

- (i) Insertion of new sub-paragraph (f) in section 143(1) to permit the Secretary of State to certify licence schemes covering orphan material;
- (ii) Insertion of new section 144B permitting licensing bodies to manage rights in orphan material.
- (iii) Insertion of new section 190A to provide for application to the Copyright Tribunal for consent for use of particular items of orphan material.

to license the use of works of non-members, a system applied to orphan works by the Danish Law LBK nr.587, 2008. See G.W.G. Karnell in 2006 (205) *Revue Internationale du Droit d'Auteur* 161 at 209.

(b) Details of proposed amendments

Section 143 of the 1988 Act provides that a person operating or proposing to operate a licensing scheme may apply to the Secretary of State to certify the scheme for the purposes covered by the sections there mentioned.

Licensing bodies managing cable re-transmission rights have under section 144A of the Act the right to manage the cable re-transmission right of a rightowner who has not transferred management of such right to a licensing body.

The Copyright Tribunal can under section 190 of the Act give consent for the copying of a performance where the identity or whereabouts of the relevant rightowner cannot be ascertained by reasonable enquiry.

These sections of the 1988 Act, when taken together, provide the pattern for a practical and comprehensive system for licensing the use of orphan material.

On the pattern of section 143, we propose that a new subsection (f) would be added to section 143(1) to cover certification of a scheme for the licensing of protected material where the identity or whereabouts of the person entitled to exercise the right to authorise such use cannot be ascertained by reasonable enquiry.

On the pattern of section 144A, we propose that a new section 144B would introduce the right for a licensing body managing the relevant right to license use of material where the relevant rightowner has not transferred management of his right to a licensing body, and where the identity or whereabouts of such rightowner cannot be ascertained by reasonable enquiry.

To cover the case where no licensing body manages the relevant right, we propose that a new section 190A on the pattern of section 190 would provide for application to the Copyright Tribunal for consent to use an item of subject matter where the identity or whereabouts of the relevant rightowner cannot be ascertained by reasonable enquiry. The new subsection would contain provisions on the lines of section 144A(4) (retention of rights of rightowner) and (5) (claim limitation period: see F 1 below).

(c) Application of the BCC proposal

(1) General

Under the BCC proposal, there would be no compulsion for collecting societies to use the facilities of the statutory provisions. Such societies could continue with their own systems or practices in this area if they so wished.

Under the BCC proposal, a use under a licence duly issued by a licensing body or consent by the Tribunal would to the extent provided by statute count as a use authorised by the rightowner.

The provisions of sections 57 (anonymous or pseudonymous works) and 66A (unascertained film copyright owners) are unaffected by the BCC proposal.

(2) Licensing by licensing bodies (new section 144B)

Where a rightowner of a right has not transferred management of his right to a licensing body and where the identity or whereabouts of such rightowner cannot be ascertained by reasonable enquiry, a licensing body which manages rights of the same category may on conformity with the statutory provisions in this connection be deemed to be mandated to manage his right.

Such licensing body will prepare an appropriate licensing scheme to licence uses within the ambit of such right and will under new subsection 143(1)(f) apply to the Secretary of State to certify the scheme.

Such licensing body should charge fees for specified uses of orphan works that are commensurate with the prevailing fees for normally issued licences for those uses.

The Minister should certify only licensing schemes that demonstrate their capability to audit the licence requester's compliance with guidelines on diligent search for an author – and these guidelines should be at least as stringent as those set out in the EU High Level Expert Group on Digital Libraries *Memorandum of Understanding on Diligent Search Guidelines for Orphan Works*.⁴

Following certification, the licensing body will issue licences in accordance with the terms of the scheme. A rightowner whose rights are thus licensed will have the same rights and obligations resulting from any relevant agreement between the licensee and the licensing body as have rightowners who have transferred management of their rights to the licensing body (cf. section 144A(4), a corresponding provision being inserted in new section 144B). Any rights to which a rightowner may be entitled must be claimed within the limitation period laid down in new section 144B (cf. section 144A(5)).

(3) Consent through application to Tribunal (new section 190A)

Where a licensing body has a licensing scheme covering the desired use of an item of orphan material, the prospective user will normally apply to that licensing body for the respective licence. Where however no licensing body is issuing licences to cover the particular use intended to be made of the item of orphan material concerned, the prospective user will apply to the Tribunal under new section 190A. Consent by the Tribunal to such application will have effect as consent of the person entitled to the respective right (cf. section 190(2)). Under new section 190A as proposed the Tribunal may make rules as to the service and publication of the relevant notices (cf. section 190(3)), and the Tribunal may make such order as it thinks fit as to the payment to be

⁴ http://ec.europa.eu/information_society/activities/digital_libraries/doc/hleg/orphan/mou.pdf
accessed 26 November 2008

made by the applicant in consideration of the consent being given (cf. section 190(6)).

F. Points for further consideration

1. Claim limitation period

Under the BCC proposal, a term of three years is allowed for claims by rightowners (proposed new section 144B(3)). This term reflects the term in section 144A(5) of the 1988 Act, and is in line with the proposal's general principle of following the existing text of the Act as closely as possible, but the exigencies of determination of rights and industry practice may require a longer term and we propose to make further submissions to UK IPO on this point.

2. Terms of granted licences

The BCC proposal does not attempt to set out terms of licence schemes or consent applications: the concept is that the validity and fairness of licensing terms will be ensured by the possibility of Tribunal reference as under the present provisions of the 1988 Act.

3. Release from liability

We consider that a use in accordance with a licence under a licence scheme certified by the Secretary of State or in pursuance of a consent given by the Tribunal should be treated as licensed by the rightowner, thus relieving the licensor and user from civil or criminal liability. It is clear from s.16(4) of the 1988 Act that the acts restricted by copyright (as listed in section 16) are subject to the provisions of Chapter VII of the Act with respect to copyright licensing. A question to be decided, in the light of the IPO opinion on the potential application of the criminal provisions of s.107 to licences granted without the permission of the copyright owner, is whether such immunity should also be available in respect of a use under a licence issued by a licensing body but not within such licensing scheme or covered by such consent. In this case, the obligation of indemnity on the lines of section 136 of the 1988 Act may be considered.

4. Reservation of payments and undistributable revenue

Fees paid for use of an orphaned work should be returned to reventant authors or other rightholders as appropriate. Licence fees remaining unclaimed should be spent for the benefit of authors/performers (and other rightholders as appropriate). Following the extended collective licensing legislation in force in the Nordic countries, this could for example be for welfare, for education and to support the continuing development of databases linking works to authors, and other rightowners searchable by text, by image content and by musical content. The obvious partners to develop such databases are the collecting societies and national libraries and archives

– who are already collaborating in the EU-based ARROW (Accessible Registries of Rights information on Orphan Works) project.⁵

5. Definition of repertoire

The question as to the scope of the repertoire covered by a licence or licensing scheme needs detailed consideration and is one on which we shall make a further submission.

G. Conclusion

It is submitted that the BCC proposal here outlined conforms to the considerations in the UK IPO paper, is in line with existing UK and EC law, and will provide practical and comprehensive means of licensing orphan material in accordance with a system which is in the interests of rightowners, users and the public.

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⁵ http://ec.europa.eu/information_society/activities/digital_libraries/doc/hleg/reports/copyright/copyright_subgroup_final_report_26508-annex5-final.pdf accessed 26 November 2008