

Orphan works and other orphan material

Proposed Amendments to U.K. Copyright, Designs and Patents Act 1988

The “legitimated use” system

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¹ Professorial Fellow, Queen Mary Intellectual Property Research Institute, University of London. Paper circulated at 8th IBC Annual International Copyright Law Conference, London, 4/5 December 2008. © Adrian Sterling 2008. The author reserves his moral and economic rights in this paper (which expression excludes the Annex to this paper, to which Annex the conditions of Crown Copyright apply) and asserts his right of identification under the UK Copyright, Designs and Patents Act 1988, s.77. This paper is intended for use in private study or non-commercial research and may be copied or distributed for such purposes on the conditions that the author is identified and that no addition or alteration to or deletion from the paper is made. This paper may not be used for any other purpose without the prior consent of the author: application for such other use should be made to j.a.l.sterling@qmul.ac.uk. The proposals made in this paper have, with the permission of the author, been adopted by the British Copyright Council and included in the Council’s Response to the EC Green Paper on Copyright in the Knowledge Economy, and also been submitted by the Council to the UK Intellectual Property Office.

A. Introductory

1. Categories of rightowners and granted rights

The following are categories of initial rightowners under Parts I and II of the U.K. Copyright, Designs and Patents Act 1988 (“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).

Note 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).

B. 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, dramatic, musical and artistic works: as regards, for example, owners of the copying right: authors, employers, assignees, licensees, and as regards owners of the right of communication to the public, the same rightowners as those entitled in respect of the copying right, or different rightowners. These works may involve several categories of protected items, e.g. a book may contain a literary work and protected artistic works, e.g. photographs and illustrations, a song normally contains a musical work and a literary work, and an artistic work may contain a combination of several artistic works: each of these categories may involve different rightowners.
- (2) Sound recordings: rightowners may include authors of musical works, authors of words, performers, sound recording producers, or employers, assignees or licensees of these persons.
- (3) Films: rightowners may include (a) directors and producers of films or their employers, assignees or licensees, and (b) authors of literary, dramatic, musical and artistic works, producers of sound recordings, films etc. included in the film, or their employers, assignees or licensees.
- (4) Broadcasts: rightowners may include broadcasters, 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.² In order to ensure authorisation of use and appropriate remuneration to the rightowner (where claimed), it is proposed that the 1988 Act be amended as described in D. below, in order to provide the means of obtaining the necessary licences in these cases, in ways which not only benefit the rightowner but are also in the public interest, by facilitating the ordered application of the law in an equitable and practical manner.

C. Essential conditions of solution

It is submitted that the following are essential conditions to which a solution providing an effective legal and practical means of dealing with the challenges faced in the licensing of orphan material should comply.

Condition 1: Legislative solution

The solution should be contained in and backed by legislative provisions (the principle of “legitimated use”). Licences otherwise provided without the rightowner’s specific consent will involve (1) risk of civil action or criminal

² 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.

penalties for unauthorised use, and (2) failure to provide the opportunity to ensure remuneration to the rightholder.

Condition 2: Conformity to existing legislative structure

The solution should be in conformity with the existing legislative structure, using as far as possible the existing provisions of the copyright legislation, amended as necessary, rather than seeking to introduce new concepts or exceptions whose application in practice may raise unforeseen problems.

Condition 3: Conformity to international and regional instruments

(1) Berne Convention 1886-1971

The solution should conform to the Berne Convention, and be in harmony with the Convention's provisions and the accepted norms of the Convention in respect of modalities of application of the rights granted.³ The same applies, *mutatis mutandis*, in respect of the Universal Copyright Convention 1971, the Rome Convention 1961, and the WIPO Treaties 1996.

(2) TRIPS Agreement 1994

To the extent that a solution involved exceptions, it would have to conform to the "three step" test of the TRIPS Agreement, Article 13.

(3) EC law

To the extent that a solution involved exceptions, it would (a) have to be within the ambit of those exceptions permitted under EC law, and in particular within the ambit of the exceptions permitted under Article 5(1)-(4) of the EC Information Society Directive, and (b) conform to the "three step" test as required by Article 5(5) of the Directive.

Condition 4: Recognition of economic and moral rights

The solution should provide the means for the effective recognition of the rightholder's economic and (where applicable) moral rights by the possibility of the taking of any necessary action during the legitimated use.

Condition 5: Provision of remuneration

The solution should provide the possibility for the rightholder to obtain remuneration for the legitimated use.

Condition 6: Comprehensive coverage of rights

The solution should enable the necessary licences to be obtained in respect of all the orphan constituents (where protected) of the item of subject matter concerned. Thus, for instance, where the prospective licensee wishes to use a protected sound recording consisting of a protected performance of protected musical work, and where any of the respective rightholders cannot be

³ See Ricketson, S., Ginsburg, J.C., ("Ricketson/Ginsburg") *International Copyright and Neighbouring Rights: The Berne Convention and Beyond* (2nd edition (Oxford University Press, 2006), Chapter 13.

identified or traced, the licence should cover all the relevant constituents of subject matter, e.g. if the rightowners in respect of the musical work and the performance are untraceable, the licence should cover use of the music and the performance (the user having also to obtain permission of the known and traceable owner of the right in the sound recording or the representative of such owner).

Condition 7: Operational practicability

The solution should provide as simple and effective means as possible of obtaining the necessary licences.

Condition 8: Control of licence terms

The solution should provide the means of independent assessment of licence terms, so that these are fair and reasonable, recognising the interests of both the rightowner and the user.

D. Proposed amendments to the Copyright, Designs and Patents Act 1988

1. General

(a) Proposed amendments to the 1988 Act

The proposal here made 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.

For suggested texts of the proposal, see Annex “Copyright, Designs and Patents Act 1988: selected extracts and proposed amendments”.⁴

(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 1988 the right to manage the cable re-transmission right of a rightowner who has not transferred management of such right to a licensing body.

⁴ The texts proposed in the Annex are not intended to be definitive or complete in every respect, but merely to provide an aid to the understanding of the proposals, since the texts of any amendments in proposed legislation would be settled in accordance with Parliamentary procedure.

The Copyright Tribunal can under section 190 of the 1988 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, it is proposed 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, it is proposed 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, it is proposed 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).

It is submitted that the proposed amendments establish:

- (1) a system which is based on the present provisions of the 1988 Act,
- (2) a system which is simple and as far as possible inexpensive for the potential user,
- (3) a system which enables the entitled rightowner to obtain remuneration for use of the material concerned, and
- (4) a system which is in conformity with the U.K.'s international and EC obligations.

2. Justification of proposed amendments

- a. Simplicity of required legislative amendments.
- b. Necessity to ensure that the public has at its disposal licensing procedures and practical facilities which protect users against eventual proceedings for infringement or criminal offences.
- c. Institution of a system which enables comprehensive coverage of the licences required.

- d. No amendment of existing exceptions. The provisions of the exceptions of ss.57, 69A concerning use of certain works and films are unaffected by the proposed amendments.
- e. Voluntary adoption of the licensing facilities offered by the amendments; i.e. licensing bodies to be free to continue their existing licensing practices in this area, or use the statutory facilities

E. The proposed amendments in practice

1. Licensing by licensing bodies

A licensing body administering a particular right will, as regards such right, draft a licensing scheme (as defined in s.116) for licensing the use of protected material in respect of which the rightowner is not identifiable or is untraceable following reasonable enquiry. Such licensing scheme may incorporate rules including those as to (a) the descriptions of material to be covered by the licences, (b) the allocation of royalty for use of the material, (c) procedure for claims within the limitation period as established by legislation, and (d) future licensing of the material concerned.

The licensing body will then apply to the Secretary of State to certify the scheme as proposed in accordance with the provisions of s.143 (see below and Annex).

The Secretary may certify the scheme in accordance with the applicable rules.

Once the scheme is certified, the licence issued by the licensing body will cover the respective use of orphan material in accordance with the terms of the scheme.

Rightholders who eventually appear will be able to claim the applicable royalties within the prescribed limitation period, and, in accordance with the licence scheme, control future use of the material concerned.

2. Consent through application to Tribunal

The prospective user applies to the Tribunal for the necessary licence in accordance with the provisions of new s.190A, the other provisions of the Act regarding the operation of the Tribunal and the Tribunal rules being applicable.

F. Conformity of proposed amendments to essential conditions of solution

Condition 1: Legislative solution: proposed amendments conform.

Condition 2: Conformity to existing legislative structure: proposed amendments conform.

New section 144B providing for administration of licences covering orphan material mirrors and uses the same basic provisions as those of existing section 144A (introduced to conform to the provisions of Article 9 of the Satellite and Cable Retransmission Directive 1993).

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

Condition 3: Conformity to international and regional instruments: proposed amendments conform.

(1) Berne Convention: The proposed amendments are in line with the steps permitted to Union Members for the effective management of rights, and do not remove granted rights.⁵ It has been a fundamental principle of the Berne Convention since its inception that the public interest is paramount, and consequently rights granted under the Convention must be licensable in a way that recognises the public interest.⁶

The provision of practical and fair means of dealing with orphan material is, it is submitted, undoubtedly in the public interest.

In this connection, it should be borne in mind that the alternative to the introduction of effective legislative measures in this area, such as those proposed, is a situation in which rights of authors and other rightowners are flouted, or the material is not at the public's disposal, eventualities which are surely against the principles of the relevant international instruments and the public interest.

(2) TRIPS Agreement: Since the proposed amendments do not constitute exceptions to granted rights, conformity to the three step test is not required; however, even if it were required, it is submitted that the amendments would pass all three elements of the text.

(3) European Community: Recital 18 of the EC Information Society Directive states that the Directive is without prejudice to the arrangements in Member States concerning the management of rights.⁷ The amendments here proposed concern such management and thus, it is submitted, do not constitute an exception to granted rights.

⁵ In this connection see, the various categories described in Ricketson/Ginsburg, *op cit.*, Chapter 13.

⁶ Ricketson/Ginsburg, *op cit* 13.01 state "... at the outset of the negotiations that led to the Berne Convention, Numa Droz [President of the Berne Convention Diplomatic Conferences 1884, 1885, 1886], in his closing speech at the 1884 Conference, reminded delegates that it should be remembered that "limits to absolute protection are rightly set by the public interest"."

⁷ 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 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) R.I.D.A. 161 at 209.

Condition 4: Recognition of economic and moral rights: proposed amendments conform.

The licence issued by the licensing body and the consent given by the Tribunal can be subject to appropriate terms recognising the economic and (where applicable) moral rights of the rightowners.

Condition 5: Provision of remuneration: proposed amendments conform.

The licence scheme or licence will provide for remuneration as appropriate. It is suggested that this system is more in the interest of the rightowner than the solution proposed in the United States, under which royalties are not paid during use and damages are limited: this means that the user is an infringer pending use, something that is, it is submitted, undesirable.

Condition 6: Comprehensive coverage of rights: proposed amendments conform.

If the use to be made involves a right or rights covered by a licence issued by a licensing body that has a licence scheme applying to the right concerned, the prospective user can apply to that licensing body (new section 144B). If there is no such licensing body, the prospective user can apply to the Copyright Tribunal (new s.190B). Thus the system permits the obtaining of the necessary licences in relation to all relevant categories of rights and subject matter involved.

Condition 7: Operational practicability: proposed amendments conform.

The proposed amendments provide the prospective user with a practical means of obtaining the necessary licence, at the same time obtaining legal coverage for the uses to be carried out.

A constant process is under way to improve and facilitate applications to the Copyright Tribunal, and general principles of the terms on which the Tribunal will give consent will evolve, speedy disposition of applications being an overall aim in this connection. Furthermore, the system enables all necessary applications covering all orphan material in a single item (e.g. sound recordings) to be made in a single proceeding.

Condition 8: control of licence terms: proposed amendments conform.

Through application to the Secretary of State for certification of licence schemes, the public interest in control of licensing terms to ensure reasonable licensing conditions should be assured. The same applies where the application is to the Copyright Tribunal.

G. Points for further consideration

A number of matters need further consideration in connection with the amendments proposed in this paper. These matters include the following, as it is understood will be mentioned by the British Copyright Council in its submission on the EC Green Paper on Copyright in the Knowledge Economy:

- (1) whether the suggested claim limitation period of three years (which follows the provisions of CDPA section 144A(5)) for reventant rightowners should be extended (say, to six years);
- (2) the terms of licence schemes submitted for certification by the Secretary of State under proposed new section 143(1)(f);
- (3) the question whether release from liability should extend to licensors and users in respect of licences which are not issued in accordance with a licensing scheme certified by the Secretary or State or consent by the Tribunal and whether the indemnity provisions of CDPA section 136 should apply in respect of such licensor;.
- (4) systems for dealing with undistributable payments (e.g. licence fees in respect of which no claim has been effectively made within the statutory limitation period;.
- (5) definition of the repertoire covered by licensing schemes and applications to the Tribunal.

H. Summary

It is submitted that any proposed solution to the licensing of orphan material should conform to the eight essential conditions described under C. above, and that the amendments to the 1988 Act here proposed do so conform to those conditions.

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21 November 2008

Annex: Copyright, Designs and Patents Act 1988: selected extracts and proposed amendments

ANNEX

Copyright, Designs and Patents Act 1988: selected extracts and proposed amendments.

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COLUMN A

COLUMN B

CDPA 1988: selected extracts	<u>CDPA 1988: Proposed amendments</u>
<p>Section 143: Certification of licensing schemes (1) A person operating or proposing to operate a licensing scheme may apply to the Secretary of State to certify the scheme for the purposes of -</p> <ul style="list-style-type: none"> (a) section 35 (educational recording of broadcasts), (b) section 60 (abstracts of scientific or technical articles), (c) section 66 (lending to public of copies of certain works), (d) section 74 (sub-titled copies of broadcasts for people who are deaf or hard of hearing), or (e) section 141 (reprographic copying of published works by educational establishments). <p>Section 144A: Collective exercise of certain rights in relation to cable re-transmission </p> <p>(3) Where a copyright owner has not transferred management of his cable retransmission right to a licensing body, the</p>	<p><u>New sub-section 143(1)(f)</u></p> <p>(f) 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 .</p> <p><u>New section 144B:</u></p> <p>(1) Without prejudice to the provisions of section 144A, where a rightowner of a right arising in accordance with the provisions of this</p>

<p>licensing body which manages rights of the same category shall be deemed to be mandated to manage his right.</p> <p>(4) A copyright owner to whom subsection (3) applies has the same rights and obligations resulting from any relevant agreement between the cable operator and the licensing body as have copyright owners who have transferred management of their cable re-transmission right to that licensing body.</p> <p>(5) Any rights to which a copyright owner may be entitled by virtue of subsection (4) must be claimed within the period of three years beginning with the date of the cable re-transmission concerned.</p> <p>Section 190: Power of Tribunal to give consent on behalf of performer in certain cases</p> <p>(1) The Copyright Tribunal may, on the application of a person wishing to make a copy of a recording of a performance, give consent in a case where the identity or whereabouts of the person entitled to the reproduction right cannot be ascertained by reasonable inquiry.</p>	<p>Act 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 shall be deemed to be mandated to manage his right, and a use covered by a licence validly issued in accordance with a licence scheme certified by the Secretary of State under section 143(1)(f) in accordance with this subsection shall be treated as licensed by such rightowner.</p> <p>(2) A rightowner to whom subsection (1) applies has 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 that licensing body.</p> <p>(3) Any rights to which a rightowner may be entitled by virtue of subsection (2) must be claimed within a period of three years beginning with the date on which the relevant use of the subject matter covered by the licence is made.</p> <p><u>New section 190A</u></p> <p>(1) Without prejudice to the provisions of section 190, the Copyright Tribunal may, on behalf of a person wishing to use an item of subject matter protected under this Act, give consent in a case where the identity or whereabouts of the person entitled to exercise the right to authorise such use cannot be ascertained by reasonable enquiry, and where no relevant licensing scheme has been certified by the Secretary of State in accordance with section 143(1)(f).</p>
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<p>(2) Consent given by the Tribunal has effect as consent of the person entitled to the reproduction right for the purposes of –</p> <p>(a) the provisions of this Chapter relating to performers' rights, and</p> <p>(b) section 198(3)(a) (criminal liability: sufficient consent in relation to qualifying performances), and may be given subject to any conditions specified in the Tribunal's order.</p> <p>(3) The Tribunal shall not give consent under subsection (1)(a) except after the service or publication of such notices as may be required by rules made under section 150 (general procedural rules) or as the Tribunal may in any particular case direct.</p> <p>.....</p> <p>(6) Where the Tribunal gives consent under this section it shall, in default of agreement between the applicant and the person entitled to the reproduction right, make such order as it thinks fit as to the payment to be made to that person in consideration of consent being given.</p>	<p>(2) Consent given by the Tribunal in accordance with this section has effect as consent of the person entitled to exercise the right to authorise the use concerned.</p> <p>(3) The Tribunal shall establish rules in respect of applications under subsection (1) and shall not give consent under that subsection unless the application conforms to such rules, or such rules as the Tribunal may in any particular case direct.</p> <p>(4) Where the Tribunal gives consent under this section it shall make such order as it thinks fit as to the payment to be made to the entitled rightowner in the event of a valid claim by such rightowner, and the conditions to apply in respect of such payment.</p>
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