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## Entertainment Law

### 'Orphan works' solutions could create more problems than they fix

July 17, 2008

By: Samuel Lewis

**I**n an ironic twist, Congress is on the verge of severely curtailing the rights of artists and authors just as it seeks to fix the problem with so-called orphan works.

Orphan works refers to a situation where it is impossible to identify or locate the copyright owner of a copyrightable work. At times, the problem arises where the owner of a copyrightable work no longer desires or is able to commercialize the work. In other instances, the problem arises when no information links a copyrightable work with its owner.

"The problem of orphan works is real," wrote Stanford law professor Lawrence Lessig in a recent op-ed piece in the New York Times. He tracks the problem to major changes that Congress made in the Copyright Act of 1976, the last major rewrite of federal copyright law.

"Before 1978, copyright was an opt-in system, granting protection only to those who registered and renewed their copyright, and only if they marked their creative work with the famous copyright symbol."

When Congress passed the Copyright Act of 1976, it created an opt-out system where copyright protection is automatic. While authors and artists must timely register their copyrights to obtain statutory damages for infringement, failure to register does not constitute a waiver or dedication of the work to the public domain.

Examples of orphan works abound. Reed Stager, executive vice president of Beaverton, Ore.-based Digimarc, submitted written testimony to a Judiciary Committee oversight hearing in March 2006.

"More than 100,000 photographs made by participants on oceanographic voyages



Samuel Lewis

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had no identifying photographer or copyright information," he testified. "The result of this lack of information was that the Scripps Archives at the University of California, San Diego, were only able to publish 4,000 of those images online."

Publication of the images without the consent of the photographers or copyright owners would have opened the public university to liability for copyright infringement.

In an effort to fix the orphan works problem, Congress is considering the Shawn Bentley Orphan Works Act of 2008, sponsored by Sens. Patrick Leahy, D-Vt., and Orrin Hatch, R-Utah, and the Orphan Works Act of 2008, sponsored by Rep. Howard Berman, D-Calif., and several others.

If passed, the legislation would severely limit the remedies copyright owners may recover for what might best be described as good faith infringement.

The first major change limits damages a copyright owner may recover for unauthorized use of a copyrighted work. Under the current law, copyright owners have a right to elect actual or statutory damages when enforcing their copyrights.

Since actual damages can be very difficult if not impossible to prove in certain instances, the availability of statutory damages gives courts discretion to compensate copyright owners up to \$30,000 for innocent infringement and up to \$150,000 for willful infringement regardless of whether the copyright owner can establish actual damages. By and large, the significant statutory damages coupled with the opt-out system in place since 1978 discourages many companies from using orphan works.

Under the new legislation, damages may be limited to reasonable compensation, which is defined as "the amount on which a willing buyer and willing seller in the positions of the infringer and the owner of the infringed copyright would have agreed" before the infringement began.

At first blush, the concept of reasonable compensation may be simple enough. The same basic measure of damages currently applies in cases where there is no direct profit resulting from infringement and where a copyright owner is limited to actual damages.

Unfortunately, as anyone who has litigated these issues can tell you, litigation over reasonable compensation, including competing expert opinions and testimony, can easily cost more than the amount at issue.

Restricting damages to reasonable compensation also would preclude a court from awarding additional damages that would help cover investigatory expenses.

The bills would further complicate the situation by adding qualifiers to a determination of whether damage limits would apply. For example, the limitations on damages would apply only where the infringer performs a qualifying search to locate and identify the owner of a copyrightable work.

Even the concept of a qualifying search is somewhat elusive, being vaguely defined as a search that makes use of various online databases and based on best practices, which have not been defined.

Damage limits also would not apply where an infringer fails to engage in good faith negotiations with the copyright owner and render payment in a reasonably timely manner. As with the concept of reasonable compensation, it stands to reason that the reasonable minds may differ about what constitutes good faith negotiations.

With certain types of infringers, even the concept of reasonable compensation would not be available to the copyright owner. Nonprofit educational institutions, museums, libraries, archives and public broadcasting companies would be exempt from even reasonable compensation provided the infringement is not for direct commercial advantage, is "primarily educational, religious or charitable in nature" and provided the infringement ends after the copyright owner provides notice to the infringing institution.

The response from groups representing copyright owners has been mixed.

The Recording Industry Association of America issued a news release in April praising the new legislation. A statement from RIAA chairman and CEO Mitch Bainwol said, "The inability to find owners of copyrighted works after a good faith, exhaustive effort has been made can essentially render them unavailable and sometimes discourages the creation of new works that could benefit the public."

The Professional Photographers of America issued a statement to members, saying it

was "cautious but optimistic about new legislation" and advised its members, "We feel certain that orphan works legislation is going to pass. It has been our position that photographers should work within the system to effect the most positive legislation possible."

However, the American Society of Media Photographers, which originally worked with lawmakers, has reversed course and opposes the legislation. ASMP general counsel Victor Perlman issued a statement to members in May, saying the Senate version "does not provide even the minimum protections that ASMP considers necessary for photographers."

The National Press Photographers Association went a step further, posting a notice on the social networking Web site Facebook encouraging its members and friends to sign an online petition to Congress.

The petition said the bills are "a threat to the intellectual property rights, privacy and free speech of all Americans and all people."

Ultimately, the dispute seems to rest with the way the legislation would impact established rights.

Lessig maintains the proposed change "is unfair because since 1978, the law has told creators that there was nothing they needed to do to protect their copyright. Many have relied on that promise." He suggested, "Congress should be pushing for rules that encourage clarity, not more work for copyright experts."

There seems to be one certainty if the legislation passed: with nebulous concepts such as qualifying search, the legislation will create a cottage industry as attorneys on both sides dispute the definitions.

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