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Comments on Copyright Office's Notice of Inquiry
Concerning ORPHAN WORKS (70 FR 3739, 1/26/05)

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1. Why I Am Writing

I have taught Copyright and other intellectual property courses at the University of Michigan Law School as an adjunct professor in most years since 1991. As a result, I periodically receive inquiries from professor-authors who have questions about copyright. I would therefore like to share some anecdotal information responsive to question 1 of the Notice of Inquiry (70 FR 3739, 1/26/05, the "Notice").

In addition, as someone with experience in and knowledge of copyright and patent law, I believe I can make a contribution to several other questions posed in the Notice. For example, I have given much thought to the subject of how educational fair use has fared over the years. The issue of orphan works can involve fair use, especially when the use of the orphan work is by a scholar or teacher.

For some of the questions in the Notice concerning previously-unlocatable owners and the measure of recovery for use of no-longer-orphaned works, I believe that patent law concepts can be helpful. For example, lost patent rights can sometimes be revived if the owners can show that their failures to act were "unavoidable." This term, and the associated law and jurisprudence may be useful as a standard for de-orphaning orphan works. Another patent law term of art, the damage measure "reasonable royalty" (35 USC § 284), while an attractive phrase, may have too much baggage in patent law to be appropriately applied to orphan copyrights. Instead, I propose a more specific measure for a royalty, one that I hope is reasonable. Compensating a previously-unlocatable owner for infringement by a later author's use of that owner's work, when the user tried in a timely and reasonable manner to locate that owner, and the owner despite acting reasonably could not be found, involves identifying and then balancing competing equities of the parties and the public, including today's audience for both author's works, future authors and future audiences.

Our Constitution justifies the federal government's grant of exclusive rights to authors on the grounds that it will "promote progress." (Const., Art. I, sec. 8, cl. 8: "The Congress shall have Power *** [8] To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.") Whether our copyright laws and practices change or stay the same, they should always be evaluated in light of the Constitutional mandate.

Finally, in considering the fascinating questions raised by the Notice, I thought of other matters consideration of which might perhaps be included in any future inquiry concerning Orphan Works.

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My views are entirely my own. They should not be imputed to the University of Michigan or its Law School, nor to any law firm or clients.

2. Comments on Question 1 - "Nature of the Problems Faced by Subsequent Creators and Users"

2.1 Anecdotal Information about Publishers of Academic Works

From time to time I have received inquiries from professor-authors whose publishers refuse to allow them to use anything from any published material, no matter how small, no matter whether paraphrased, commented upon, or quoted, unless the authors first obtain express permission from the copyright owners. (Although I have done no formal survey, I believe that the experience of those authors with whom I have spoken is the rule, not the exception, throughout the industry.) When the earlier material is from an orphan work, the publishers' hard-line position is particularly onerous on the later authors, as well as on progress in their field.

The authors do not want to be forced to omit the orphan work material. They know that without it, the book they thought was completed will need to be revised. They will have to do additional research to find an alternative source, and then obtain permission to use that one. If they are successful, then they will have to do some rewriting, because the alternative is not going to be identical to the orphan work. If they do not have time for more research or more permission-seeking, they may have to do even more extensive rewriting, depending on how important the orphan work material was to their book.

But the authors who call me also appreciate that they have no bargaining power with their publishers. It is hard enough to find one publisher for an academic work; finding a second one may be impossible. And the authors uniformly tell me that explaining to the publishers about fair use is like talking to a wall. No publisher wants even to THINK about whether a use is a fair one, whether or not the copyright owner can be found, whether or not permission is given freely or at a blackmailer's price. If the work is an orphan one, the problem is compounded: no publisher is willing to make a realistic estimate of whether a copyright owner is likely ever to come forward to bring a charge of infringement, despite knowing how hard everyone has worked to find that owner.

The result is that information and ideas from an

earlier work that could be transmitted as part of a new work are left behind. Works that should be given the attention of current scholarship are ignored: works that are orphaned suffer the further indignity of being buried alive.

The fault may well be in the market, in the culture of academic presses and in the relative bargaining strength of authors and publishers. But the Constitutional mandate should prod the government to find ways to overcome these problems. The Copyright Office is to be commended for beginning this inquiry.

2.2 Professor-Authors and the Educational Community in General

The Copyright Office observed in the Notice that there appear to be various factors hurting the educational community's ability to make effective use of orphan works:

> "Some have claimed that many potential users of orphan works, namely individuals and small entities, may not have access to legal advice on these issues and cannot fully assess risk themselves. Moreover, even if they are able to determine with some certainty that there is little or no risk of losing a lawsuit, they may not be able to afford any risk of having to bear the cost of defending themselves in litigation. Given the high costs of litigation and the inability of most creators, scholars and small publishers to bear those costs, the result is that orphan works often are not used--even where there is no one who would object to the use." 70 FR 3739 at 3740-41

These ideas can be summarized as:

(1) the risk averseness of the potential users, and
(2) their lack of sufficient resources to engage in litigation

The second factor is not purely one of finances. The missing "resources" can be cultural and psychological: small academic presses, individual teachers, and schools other than major universities, do not have in-house counsel and may try either to avoid seeking outside legal advice at all or to seek it from volunteers who cannot spend very much time with them. Litigation, for them, is not part of "the cost of doing business" as it may be for large business corporations; it is a catastrophic event.

There is a third factor as well: the desire to do what is right. Teachers and professors are keenly aware of their responsibilities as role models. They want to set a good example. Any suggestion that their behavior is not correct,

that it harms someone else's rights, that it is "illegal," has a far stronger deterrent effect on them than it would on the average business person.

This utterly laudable desire, coupled with misinformation and misunderstanding about the law of copyright, has contributed to a corrosive atmosphere toward intelligent uses of past achievements. You cannot stand on the shoulders of giants when you are terrified that the giants will charge huge sums for the privilege, even if you only stand on their shoulders for a second, even if you bring a ladder. Besides, there's no negotiating with an angry giant. The fact that these terrors are based on wrong law, wrong information and wrong analysis, and the fact that many of the giants are pygmies or even mice, doesn't change the fact -- and the resultant loss to society -- that everyone is keeping off the shoulders.

2.3 Anecdotal Proof of Educators' Misconceptions about the Public Domain and Fair Use

I can attest to the fact that educators, from elementary school teachers to law professors, have very odd notions about fair use. None of them - including the law professors - bother to read the statute, even though we all learned from our own teachers and professors that "ignorance is no excuse for the law." (That old saw does not mention consulting a lawyer: statutes are, and should be, accessible to the citizenry.)

The fair use statute, 17 USC § 107, is short and uncomplicated. When you read it you appreciate that analyzing fair use will require some careful thinking but, if you are an educator, that should not deter you. For completeness, I will quote the statute here:

17 USC § 107
(enacted 1976, last amended 1992)
(formatting mine)

> Notwithstanding the provisions of sections 106 and 106A [copyright holder's rights],
> **the fair use of a copyrighted work,**
> including such use by reproduction in copies or phonorecords or by any other means specified by that section [106],
> for purposes such as
> criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research,
> **is <u>not</u> an infringement of copyright.**
> In determining whether the **use** made of a **work** in any

particular case is a fair use the factors to be considered shall include --

(1) the purpose and character of the **use**, including whether such use is of a commercial nature or is for nonprofit educational purposes;
(2) the nature of the copyright **work**;
(3) the amount and substantiality of the portion **use**d in relation to the copyrighted **work** as a whole; and,
(4) the effect of the **use** upon the potential market for or value of the copyrighted **work**.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon all of the above factors.

2.3.1 An Informal Survey of Elementary School Educators

About seven years ago a law student who was assisting me with some research, and whose extended family happened to include ten educators in various parts of the country, did a survey of these relatives. Eight were elementary school teachers, one was a student teacher and one was a retired teacher.

Among the questions the student asked was whether these teachers would feel comfortable photocopying the Bill of Rights from a high school textbook, making enough copies to give to every student in the class. Only the retired teacher answered Yes. Everyone else thought that it would be wrong to make these copies. Other questions had similar results. The teachers had no idea whatsoever what copyright did protect, and what it did not and could not protect. The concept of the "public domain" was wholly unknown.

2.3.2 The Lore Not the Law (among Law Professors)

The reasoning, and the scope and applicability, of court decisions on fair use take some mental work to appreciate. Thus it should not be surprising that the lore of what has been decided differs from the actual law, or that, somehow, educators' fears, risk aversion, shallow pockets for litigation, and desire to do right, have led them to presume that every use of coyprighted material, from paraphrasing a single phrase on up, must carry a monetary charge. Several years ago I was going to give an informal lunch talk on the subject of educational fair use. I asked another law professor if he was planning to go. He told me no, because he didn't want to be depressed. I told him I had some positive ideas and opinions, but he just shook his head in disbelief. He was and is not alone. I later posted a copy of 17 USC § 107 on my door. People who chanced to read it were always happily surprised at what they read.

3. Question 2 - Nature of "Orphan works": Identification and Designation

3.1 What Information the Copyright Office Should Publish

Any Copyright Office record-keeping efforts concerning works that have been determined to be orphans should focus on the database's entries concerning the owner, not the work, not the user, not the specific use proposed. This will avoid duplication of effort by all later authors in trying to locate a given owner. Those later authors are as much in the class protected and encouraged by the Constitution as are the earlier authors who (themselves or via assignee publishers or work-for-hire employers) have abandoned their works. By annotating the database to indicate unlocatable owners, the Copyright Office will encourage more use of a wider range of orphaned works.

3.2 Comments on the Canadian Program

I have looked at the Canadian website mentioned in the Notice. As of 3/24/05, there were 143 licenses listed, up from the 125 mentioned in the Notice. More importantly, it would appear that under United States law, some of those licenses would perhaps carry a zero rate: the uses look fair.

If the United States opts for a program akin to that of Canada, it should include an opportunity for users to indicate that they believe their use to be a fair one, that they will give proper attribution to the earlier work, and that they attempted to contact the copyright owner as a courtesy and/or to negotiate a zero-dollar license, not because they believed they were under an obligation to obtain a license to avoid infringement.

The Copyright Office could leave that assertion in the public record and do nothing, charging whatever standard rate it establishes for non-fair uses. The better course, however, would be for the Office to take the opportunity to improve the public's understanding of fair use, performing the analysis, and in appropriate cases, to acknowledge on behalf of the orphaned work's unlocatable owner, that the use in fact is fair and that no royalties are due.

4. Comments on Question 5 - "Effect of Work being Designated 'Orphaned'"

4.1 Standard for Reclaiming Orphan Works

In patent law, patent applicants and patent owners have a series of deadlines to meet and a series of fees to pay. The consequences of failing to be timely in these matters is that the application will be deemed abandoned or the patent will lapse. But patent law is not so draconian: applicants and owners can petition to prove that their delay was unintentional or unavoidable. (See, e.g., 35 USC § 151; 37 CFR § 1.137; MPEP § 711.03(c).) To recover patent rights after a failure to pay a maintenance fee, the easier proof that the delay was "unintentional" applies only to shorter delays. Longer delays must be proven to have been "unintentional."

The patent law concept of "unavoidable" delays is more appropriate than that of "unintentional" delays in the context of previously-unlocatable copyright owners who want to reclaim orphan works. That is because there will already be some passage of time in order for the work to have been designated an orphan: time for the later author who desires to use the earlier work to make diligent and reasonable inquiry, time for that author to decide that the owner can not be located, time to apply to the Copyright Office for a declaration that the work has orphan status and time for the Copyright Office to act on that request.

4.2 Proceedings by Previously-Unlocatable Owners Against Infringing Users

I assume here that the Copyright Office and Congress will decide that there are circumstances under which a previously-unlocatable owner should be entitled to recover for an infringing use, and should be entitled to injunctive relief as well. I also assume that there will be other procedures for easily-locatable owners to remove an orphan designation obtained by fraud.

Having made those assumptions, I thought about ways to structure the procedure for the right to recover. In particular, I wanted to take into consideration the special situation of the educational community, especially the overwhelming fear of being sued. (See above, section 2.) Whatever the system for orphan works may be, it seems to me it must provide a cushion of comfort for scholars, universities, grade schools, small companies that publish books in small quantities, etc.

In addition to the obvious conditions for initiating suit -- ownership of the copyright, and unavoidable

circumstances having made the owner temporarily unlocatable -- I would add other conditions:

First, I would require that the later work, the one in which the use occurs, must have generated some substantial amount of money - an amount that is sufficiently high that it excludes essentially all academic users except those very rare and lucky people whose work of scholarship becomes a runaway bestseller, a movie, and a television series. (The dollar value, whatever it is, could be expressed as "in 2005 dollars" so that the statute does not have to be updated for inflation.) I prefer a straight dollar figure to the more pliant term "commercial." Whether or not something is "commercial" is less important than whether or not whatever the user sells -- assuming the user has any sales whatsoever -- makes a large amount of money.

The argument that nobody will sue someone making no money does not fly in this case. Schools, educators and small presses are terrified of litigation even though their pockets are exceedingly shallow. The mere threat of a suit can cost them more to deal with than their legal services budget for multiple years. The requirement I propose is designed to remove the prospect of any contact, intimidating or merely assertive, from previously-unlocatable owners.

I assume that a fair use defense would still be possible in orphan works infringement actions as in any others. But by requiring sales in a substantial dollar amount as a precondition to suit, the copyright owner will be set to prevail on factor 1 quite handily.

On the other hand, the requirement of substantial sales by the user will prevents the owners from enjoining infringing uses that do not generate much money. That, however, seems fair in the case of a temporarily orphaned work used during the time of its orphanhood and used without noticeable financial gain to the owner of the later work.

Second, I would require the owner to make reasonable inquiry about the amount of the user's sales prior to initiating suit. I would not rely on Rule 11, F.R.Civ.P. sanctions to prevent unsupported suits by copyright owners. A more explicit requirement is needed in order to alleviate the fear of copyright infringement litigation, and to alter the climate in which that fear has grown, among those in the educational community.

4.3 Reasonable Royalty: What is Reasonable?

Any recovery here presupposes that both actors in the dispute did right: the user diligently attempted to communicate with the owner at the appropriate time, and the owner, despite reasonable and appropriate behavior,

unavoidably could not be located.

The words "reasonable" and "royalty" in their normal English definitions are an attractive concept for the measure of recovery when two righteous actors have a dispute. The phrase, however, is a term of art in patent law. It is by statute (35 USC § 284) the minimum for recovery, not the measure itself, and by case law it is to be assessed from a hypothetical negotiation at the time the infringement took place between hypothetical parties whose beliefs about the patent, the infringement, and the market are (by hypothesis) unaffected by the truth as then perceived by the actual paries or the realities of subsequent events.

A royalty on the users' sales is a good method for computing damages for infringement of a copyrighted work with a previously-unlocatable owner. But rather than inadvertently being saddled with baggage from patent law, which could be the result of coupling "royalty" with the adjective "reasonable," I suggest that the royalty rate calculation be set forth directly. I propose that the royalty rate be the fraction of the using work that is from the no-longer-orphaned work.

People familiar with the fair use statute, 17 USC § 107 (quoted above in section 2.3), may initially think I am relying on the fraction associated with the third factor of that statute. I am not. Rather, I would use the fraction suggested, but not directly articulated, in the first fair use factor. The third factor focuses on the "work": that which is alleged to have been infringed, that which came before. The first factor focuses on the "use": that which does not infringe if it is "fair," that which comes after.

The first factor in 17 USC § 107, "the purpose and character of the use," invites consideration of the later work as a whole, to ascertain what value it has added to that which came before. The third factor, "the amount and substantiality of the portion used in relation to the copyrighted work as a whole," explicitly looks at a fraction whose denominator is the whole of the "work," to ascertain how much has been taken. The Constitution's focus on the promotion of progress, however, requires that we give serious consideration to the value added by the later comer. When the earlier work has been, albeit temporarily, orphaned by its owner, there is even more reason to be scrupulous in giving appropriate weight to the contributions made by the later author.

5. Future Discussions

5.1 Inputs from Major Research Universities

Any future discussions, especially hearings at the Copyright Office or Congress, should invite the major research universities to participate as fully as possible. This is because within their walls they have all the conflicting interests affected by copyright in orphan works: authors, publishers (the university presses), scholars and students. If they can devise a solution that keeps harmony in their institutions, it will very likely be reasonable and fair to parties with single interests.

5.2 Requirements for Users: Attribution

Others will no doubt address what would make a search for a copyright owner diligent and reasonable. But that should not be the only requirement for the would-be users of apparently orphaned works. In addition, and in keeping with the ethics of scholarship, the user should be required to give attribution to the author of the work, including any basic bibliographic information appearing on the work itself (title of work, date of publication, place of publication, publisher): the kind of information that would be included in a proper scholarly bibliography or footnote.

5.3 Spawning Cottage Industries

Whenever the copyright system, or any other part of government, is changed, there is a high probability that new industries, cottage or otherwise, may be spawned. Two that jump to mind are:

(1) Companies that buy up copyrights while the owners can still be found. The entire roster of copyright owners on the Copyright Office database may begin to receive e-mail on a regular basis to see if they are ready to sell. If this industry comes into being, and is successful, the number of orphan works will dwindle to zero over time, unless of course, these copyright-buying companies in turn go out of business and cannot find a buyer for their inventory of copyrights.

(2) Companies that search for copyright owners. They would know and follow whatever rules are laid down by statute, regulation, legislative history, or otherwise. They might indemnify users against any charge of infringement if the owner ever surfaces.

Whether or not such industries are good or bad, the Copyright Office should consider that they, and others, may come into being. It can then adjust its proposals in such as way as to shape these industries to further the

Constitutional mandate of promoting progress.

Respectfully submitted,

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