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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 - Reply Comments: 70 Fed. Reg. 37379 (Jan. 26, 2005)**

Dear Mr. Sigall:

I am pleased to submit the following reply comment on behalf of the Motion Picture Association of America (MPAA), as part of the Notice Of Inquiry (NOI) referenced above. This comment responds to a number of initial round comments, and elaborates upon the initial comment MPAA filed. MPAA again commends the Copyright Office for initiating this inquiry on an important topic, and appreciates the opportunity to participate.

I. Introduction and Observations

As an initial matter, MPAA is struck by the remarkably broad agreement reflected in nearly all the initial round comments, recognizing that the orphan works issue is one worthy of attention. Furthermore, there is surprisingly widespread agreement on a general approach to addressing the problem. Most commenters agree that for at least some works, when it's established that their copyright owners cannot be located through "due diligence" or "reasonable efforts," liability should be eliminated or reduced for at least some otherwise infringing uses. However, a later emerging copyright owner should be able to return her work to the status quo, subject to some accommodations for a user's actions taken in reasonable reliance on the work's then status as an orphan. *See, e.g.*, Glushko Samuelson Intellectual Property Law Clinic (Glushko Samuelson), No. 595; Center for the Study of the Public Domain, Duke Law School (CSPD), No. 597; Kernochan Center for Law, Media and the Arts, Columbia University School of Law (Kernochan Center), No. 666.[1]

[1] For the purposes of this memorandum, the abbreviated citation form gives the name of the submitter, index numbers assigned by the Copyright Office on its Orphan Works website, see Orphan Works Comments, at http://www.copyright.gov/orphan/comments/index.html, and where applicable, a page number referring to the pages of the specific submission.

As we noted in our initial comment, with few exceptions, motion pictures released by major U.S. studios are not orphan works. *See* MPAA, No. 646, at 2-3. The initial round comments of other parties bear this out, with very few claims that would-be users have been unable to identify and locate the parties empowered to grant permissions for uses of such works. To further assist those who may wish to make uses of commercially released motion pictures, we attach to this reply submission a listing of the library and rights clearance offices (or equivalent departments) and contact telephone numbers for each of MPAA's seven member companies.

Recognizing that there is broad support for the general outline of the approach sketched out above, we urge the Copyright Office to reject the view of a small number of outliers among the initial submitters who argue that orphan work status should apply even to works whose right holders could be identified and located through the exercise of due diligence. These submitters would jettison the due diligence approach in favor of a mandatory registration system. Even if the right holder could be found and contacted by a reasonably diligent would-be user, they argue, the work should be stripped of virtually all protection if the right holder had failed, for whatever reason, to register the work at the right time, in the right way, in the right publicly accessible registry. *See, e.g.*, Creative Commons and Save the Music, No. 643; Google Inc., No. 681; Carnegie Mellon University Libraries, No. 537. In some cases, this open season on the works in question would be unlimited in duration; in other proposals, the right holder could rescue the work from "orphan" status (at least prospectively) by complying with certain formalities. Some proposals would permit only specified non-commercial uses; others open the works to unlimited uses. Some permit the right holder to claim "nominal" compensation at some point in the future, while others leave no recourse whatsoever. What all these proposals have in common is that, to a great or lesser degree, they would condition "the enjoyment and exercise" of copyright on compliance with a registration formality, and thus run directly afoul of the United States' treaty obligations. *See* Berne Convention, Art. 5.2 ("The enjoyment and the exercise of these rights shall not be subject to any formality"); TRIPS, Art. 9.1 (incorporating Berne Art. 5.2 by reference). Under the Creative Commons proposal, for example, virtually nothing would be left for the copyright owner to "enjoy and exercise," especially if, as Creative Commons proposes, orphan status for failure to meet formalities were irrevocable. *See* Creative Commons, No. 643, at 16-17 (failure to comply with formalities means work "may be used without the need for ask permission, and for a nominal fee" paid to a separate fund).

Some of these commenters clearly believe that the United States was wrong to eliminate copyright formalities from its law, make copyright renewal automatic, and extend the term of protection. Some of them have challenged these Congressional decisions, taken over the past quarter century or more, in litigation, in Congressional testimony, and in the pages of law reviews (of course!). It is evident (and some make no bones about it, see American Film Heritage Association, No. 520) that they are simply using this proceeding as another forum for their protests. Apart from the merits of their views, their advocacy is surely misplaced here. In fact, their proposals would not solve, or even seriously grapple with, the problem this proceeding seeks to address: how to avoid – and, to the extent unavoidable, how to accommodate – the market failure that occurs when a would-be licensee is unable to identify or locate the putative licensor of a work, with respect to a use that requires licensing. The mandatory registration proposals simply define the market failure (and a large segment of the market) out of existence by decreeing that henceforth, no licensing is required for some or all uses of a set of works defined by the fact that their right holders have not complied with certain formalities. MPAA urges the Copyright Office to set the proposals of these outliers to one side and to focus its attention on the difficult questions that need to be resolved in order to improve the current practices and processes for clearing rights in works, and, to the extent necessary, to flesh out a "due diligence" approach that is workable, predictable, and fair to right holders and users alike.

II. What Constitutes "Due Diligence" or "Reasonable Efforts?"[2]

Nearly all of the commenters agree that the specific steps required to achieve due diligence will vary by the type of work involved. *See, e.g.*, Glushko Samuelson, No. 595, at 3; CSPD, No. 597, at 9; MPAA, No. 646 at 2. For this reason, we initially proposed, and continue to believe, that convening sectoral roundtables to assess available resources and develop best practices would be an advisable first step. *See also* UCLA Film and Television Archive, No. 638, at 6 (recommending that Copyright Office convene interested parties in order to establish "best practices" for orphan works users). Besides improving the current level of understanding of best practices among right holders and users and allowing the groups to learn from each other, such roundtables could identify which aspects of the problem may require legislative or regulatory change, and make such change better informed by practical realities.

The record of initial round comments underscores the breadth and variety of available resources to identify and locate right holders, especially Internet-based resources. *See, e.g.*, Prof. James A. Perkins, No. 205, at 2-3 (Internet search enabled identification and location of heirs of deceased illustrator, and within a few days led to permission for use being granted). The initial focus of any further inquiry should be on identifying and improving existing resources, starting with making the full complement of pre-1978 Copyright Office records available online. *See* Kernochan Center, No. 666, at 2 ("Perhaps digitizing the pre-1978 records could facilitate efforts to locate copyright owners and reduce the scope of the 'orphan works' problem."). Searching for copyright owners can sometimes be difficult and does require skill; the initial round comments present a decidedly mixed picture about the current skill levels of would-be users of copyrighted works, and their familiarity with the available tools. MPAA agrees with the Copyright Clearance Center that right holders for most materials likeliest to be re-used are "findable with modest effort by skilled researchers." Copyright Clearance Center, Inc., No. 691, at 3. We should be working toward improving those skills and those tools in order to reduce the population of the orphanage, rather than throwing up our hands in defeat and proceeding directly to changing the rules to expedite processing of orphans.

It is worth emphasizing again that a copyright owner's failure or refusal to license a work does not make that work an orphan. As we noted in our initial comment, "[s]ilence in response to a would-be user must not be presumed to be consent." MPAA, No. 646, at 2. While many commenters agree with this position,[3] some do not. For example, Professors Butler, Crews, et al take the position that a work should be considered an orphan if the copyright owner, though identified and located, is "unresponsive" to requests for permission to license the work. *See* Dwayne K. Butler, Kenneth D. Crews et al, No. 689, at 7 ("the lack of a reply should not prevent the public from learning and benefiting from the historical or teaching value of the letter."). Some submitters believe there should be (or perhaps that there already is) a blanket rule excusing any infringement if the user asked twice or three times and received no response. *See, e.g.*, MIT OpenCourseware, No. 651, at 1; National Library of Medicine, No. 654, at 2. It must be clearly spelled out that failure to obtain permission from a right holder who has been identified and located does not render the work an orphan. In this regard, MPAA commends the Directors Guild of America for pointing out that, wholly apart from copyright, there may be contractual rights in a work that must be taken into consideration before permission can be granted. *See* Directors Guild of America, Inc., No. 621.

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[2] In our initial comment, we referred to "due diligence" as the standard a user must meet in her search for the copyright owner. Other commenters, notably the Glushko Samuelson comment use the term "reasonable efforts." Regardless of the label used the issues are the same, and we use the terms interchangeably in this reply comment.

[3] *See, e.g.*, Association of American Publishers, Inc. et al, No. 605, at 6; Microsoft Corporation, No. 695, at 2 n.1.

While clearly it would be impossible to specify, in legislation or regulations, a menu of queries that would achieve the necessary level of "due diligence" or "reasonable efforts" in any case, MPAA would support efforts to describe this level as specifically as feasible. *See, e.g,* CSPD, No. 597, at 9, calling for a "specified procedure for a good faith search." *See also* Orphan Film Symposium, No. 675; International Documentary Association, No. 686.[4] We disagree with the Internet Archive that the due diligence standard must be capable of being satisfied wholly through automated searching systems. *See* Internet Archive, No. 657, at 1 n.1. Determinations that a work is an orphan must be made on a case-by-case basis for each particular work in the context of the type of use sought. To assert, as Internet Archive seems to, that users are excessively burdened if any human intervention is required in the process of identifying and locating a right holder is, we believe, to fundamentally misunderstand the purpose of that process, which is to find the right holder.

Similarly, "reasonable efforts" should not be defined, for practical purposes, as piggybacking on the asserted efforts of others. *See, e.g.*, Public Knowledge, No. 629, at 6 ("Congress should allow users to rely on the completed search of another user."); Freeculture.org, No. 673, at 2 ("Once a work has been established as orphaned, subsequent users should not be forced to re-prove the designation in the absence of new evidence to the contrary."). Instead, we agree with the Glushko Samuelson comment that "every potential user of an 'orphan work' would have an independent duty to satisfy himself or herself that 'reasonable efforts' to locate its owner have been made." Glushko Samuelson, No. 595, at 11. In our view, this will almost invariably mean a new search. Prof. Perkins's experience is instructive; where two respected institutions had come up dry, he was able to identify and locate the right holder quickly using Internet resources of which the previous searchers had perhaps been unaware. *See* Prof. James A. Perkins, No. 205, at 2-3. A liberal "piggybacking" rule would have led to an unfair result in this case. Similarly, the College Art Association notes that the second user's "access to different and improved search technologies or …. new or other leads" would be factors lessening the reasonableness of reliance upon the first user's efforts. *See* College Art Association, No. 647, at 36. The possibilities for abuse of any "piggybacking" rule are self-evident, and the requirement of imposing an independent duty to undertake "reasonable efforts" is in no sense onerous for a user who simply happens not to be the first one to need to seek out the right holder of a particular work.

III. All Users Should be Eligible to Invoke Orphan Works Accommodations

The benefit of an orphan works regime should not, in general, be limited to particular users. Rather, any user who, after a duly diligent search, fails to identify or locate a copyright owner should be allowed to claim orphaned status of that work. Review of the initial comments leads us to support two important qualifications to this "all users" rule. First, the user must have legitimate access to a non-infringing copy of the work in order to claim orphan work status. *See* Professional Photographers of America, No. 642, at 4. Additionally, because state agencies are not liable for monetary damages in copyright infringement cases, and monetary relief may be the only appropriate remedy in orphan works cases, we agree with the recommendation that state agencies must first waive their Eleventh Amendment immunity before claiming orphaned status in a work they are seeking to use. *See* Association of American Publishers, Inc. et al, No. 605, at 9.

[4] IDA cautions – wisely in our view – against embodying such a "clear 'how-to' guide" in legislation, because what constitutes reasonable efforts "will evolve from year to year." No. 686, at 3.

IV. User Registration of Proposed Uses

Many commenters call for a system which would require users to register their proposed uses of orphan works, see, e.g., CSPD, No. 597, at 8-10; Recording Industry Association of America, Inc., No. 687, at 5-7, or would at least provide strong incentives to do so. *See, e.g.*, Public Knowledge, No. 629; Art Museums, No. 610 (encouraging concurrent registration of uses). MPAA supports encouraging the voluntary registration of uses of orphan works, and other steps best calculated to bring uses to the attention of right holders (e.g., encouraging marking of orphan works that are re-published, see, e.g., Art Museums, No. 610). We understand the skepticism of some submitters about the usefulness of such a registry, see, e.g., Association of American Publishers, Inc. et al, No. 605, but think it would have some potential for bringing together right holders and users and thus prevent works from being declared orphans.

V. Voluntary Registry of Right Holders

MPAA finds it heartening that almost no commenter who put forward a due diligence model of determining orphan work status also proposed a mandatory registration requirement for copyright owners. Only the outliers who are focused on formalities for rights holders rather than reasonable efforts by users took this approach. MPAA agrees that any such registration model should not be mandatory, but voluntary, and that consulting such a registry should be a necessary, but not sufficient, element of due diligence for users. *See, e.g.*, Glushko Samuelson, No. 595, at 12 (rejecting registration requirement but noting that consulting a voluntary registry would be an "obvious component" of any "reasonable efforts" search). It is not clear that all those advocating a voluntary registry are familiar with the Copyright Office's existing registration and recordation systems. The Copyright Office should consider to what extent a voluntary registration system could be integrated with or build on those existing databases.

VI. Remedial Limitations

While we support many aspects of the Glushko Samuelson proposal, we part ways with it on the issue of what a right holder can recover for an infringing use made of an orphan work after a reasonable efforts search has been unsuccessful and before the right holder comes forward to claim it. The Glushko Samuelson approach would cap remedies for infringement of claimed orphaned works at $100 per work, up to $500 for any number of works owned by a single copyright owner and used in a single (broadly defined) use. *See* Glushko Samuelson, No. 595, at 5. With such low remedies, and no possibility of obtaining actual damages or lost profits, no copyright owner would incur the cost of pursuing such a claim. This is the functional equivalent of complete immunity for use of works during their period of orphan status, which of course is what a number of other submitters advocate. *See. e.g.*, Google Inc., No. 681; Art Museums, No. 610. MPAA is strongly opposed to this approach, particularly to the extent that the orphan works regime applies to a broad range of uses, including those of great commercial significance.

Upon a review of the initial comments, we believe the best approach is to allow the right holder to recover for the uses made during orphan status a sum intended to represent the payment that most likely would have been negotiated had the user succeeded in locating the owner – in other words, a reasonable licensing fee, to be set by a court if the parties cannot agree upon it. *See also* Association of American Publishers, Inc. et al, No. 605, at 3 ("reasonable licensing fee or royalty (as determined by reference to market practices)"). This is the best way to recreate, at least approximately, the market dynamic that disappears when the right holder cannot be located or identified prior to use, but that should be restored to the greatest extent possible once the right holder has been identified and located after the

use begins. The reasonable license fee approach also has the advantage of imposing some self-regulation on litigation over these uses; if the use that was made does not have an especially significant impact on the value of the work in question, or otherwise would not normally command a high licensing fee, compensation for the uses made is likely to be folded into negotiations over future uses, rather than forming the basis for a lawsuit.

VII. Challenges to and Grandfathering of Orphan Work Status

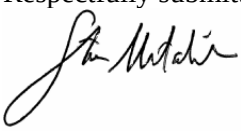
Whether or not a user has exercised due diligence should be decided by an objective test which does not turn upon intent. Some commenters evidently disagree because they posit a distinction between "reasonable" and "pretextual" searches for a right holder in order to determine whether the work in question is an orphan. *See, e.g.*, Glushko Samuelson, No. 595, at 5 ("If the user's efforts were proven to be pretextual rather than 'reasonable,' a full range of copyright remedies would be available to the copyright owner."). This formulation confusingly brings into the equation the issue of intent, and does not reflect the reality – as evidenced by many of the submissions in this proceeding – that users may, without any evil intent or pretextual motive, carry out an unskillful, superficial, or truncated search that simply does not come up to the level of either "reasonable efforts" or "due diligence." It is not fair that the right holder should bear the full risk of the likely occurrence of honest incompetence. Wholly apart from proof of "sham" or "pretext," where the right holder can demonstrate that, had the user's efforts been reasonable or duly diligent, the right holder probably would have been identified and located, the liability limitations otherwise applicable to the use should become inoperative.

Several commenters, including Glushko Samuelson, suggest that once the user shows what efforts she undertook to identify and locate the right holder, the burden would then shift to the right holder to "prove that, under all the facts and circumstances, those efforts were not reasonable." Glushko Samuelson, No. 595, at 5. MPAA understands the justification for shifting this burden but would reserve judgment on it until the relevant "reasonable efforts" or "due diligence" standard has been more clearly delineated.

Finally, initial round commenters have divergent views on the extent to which uses initiated while a work is properly classified as an orphan may be allowed to continue without authorization after the right holder steps forward. *Compare* Carnegie Mellon University Libraries, No. 537, at 8 ("no further uses or distributions of the work without the permission of the copyright owner.") *with* Public Knowledge, No. 629, at 7 ("users who rely on a 'reasonable effort' defense should not be prevented from reprinting a book, making a DVD version of a movie, or otherwise continuing to disseminate the new work [incorporating or based on the formerly orphaned material] either in original format or in some slightly altered form subsequent to the owner's resurfacing."). This is a complex issue, and MPAA notes the importance of maintaining a focus on the legitimate reliance interests of users. *See, e.g.*, UCLA Film and Television Archives, No. 638, at 7 (archive that has expended funds on activities related to preservation of an orphan work should be allowed to exhaust stock or proceed with scheduled events without liability). In general, MPAA supports a conservative approach to this question. A model for what we suggest could be the consideration that is currently provided to "reliance parties" using previously unprotected material after a work's copyright protection has been restored under 17 U.S.C. § 104A. In any case, we note that the pressure to distinguish sharply between "ongoing" and "new" uses could be relieved to some extent if it is accepted that the user must pay a reasonable license fee for the former (as well as obtaining permission for the latter) once the right holder steps forward. The broader "grandfathering" approach of the Public Knowledge and Glushko Samuelson submissions is more problematic if the price the right holder must pay for being "unlocatable" at the time of the due diligence search is to lose both control over the use and virtually all compensation for it.

MPAA appreciates the opportunity to submit this reply comment on this very important topic and looks forward to working with the Copyright Office and the other participants in the future stages of this inquiry.

Respectfully submitted,



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Appendix: Motion Picture Association of America, Member Company Rights Clearance Contacts

Buena Vista Pictures Distribution (The Walt Disney Company)
Corporate Legal Department
Ph: 818 567-5415
Fax: 818 558-7483

Metro-Goldwyn-Mayer Studios Inc.
Library Research Management
Ph: 310-449-3807

Paramount Pictures
Rights Clearance Department
Ph: 323-956-3344
Fax: 323-862-2231

Sony Pictures Entertainment, Inc.
Right Clearance Department
Ph: 310-244-8022

Twentieth Century Fox Film Corporation
Rights Clearance Department
Ph: 310-369-3548
Fax: 310-369-4118

Universal Studios
Legal Dept.
Rights Information Line
Ph: 818-777-1050

Warner Bros. Entertainment Inc.
Clips and Stills Dept.
Ph: 818-954-1853
Fax: 818 954-3817