Orphan works: the Canadian solution

I had the pleasure of being a panelist at the 2014 Annual Fordham Law and Policy IP Conference. My panel was on the topic of orphan works and mass digitization. My contribution was to provide a summary of Canada's orphan works regime. The following are some of my speaking notes from the panel.

S.77 of the Act sets out the basis for granting licences to works and other subject matter where the owner cannot be located after reasonable efforts. S. 77 reads as follows:

> *77 (1) Where, on application to the Board by a person who wishes to obtain a licence to use*
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> *(a) a published work,*
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> *(b) a fixation of a performer's performance,*
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> *(c) a published sound recording, or*
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> *(d) a fixation of a communication signal*
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> *in which copyright subsists, the Board is satisfied that the applicant has made reasonable efforts to locate the owner of the copyright and that the owner cannot be located, the Board may issue to the applicant a licence to do an act mentioned in section 3, 15, 18 or 21, as the case may be.*
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> *(2) A licence issued under subsection (1) is non-exclusive and is subject to such terms and conditions as the Board may establish.*
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> *(3) The owner of a copyright may, not later than five years after the expiration of a licence issued pursuant to subsection (1) in respect of the copyright, collect the royalties fixed in the licence or, in default of their payment, commence an action to recover them in a court of competent jurisdiction.*

The unlocatable copyright owner rules are flexible and easy to take advantage of. It involves an application to the Copyright Board following a search to attempt to locate the copyright owner. The Board has published a Brochure to guide the public in making applications.

While the orphan works regime has not been extensively used, it has achieved a measure of success in enabling uses of works and other subject matter that otherwise would have been infringing. A member of the audience at Fordham suggested that the unlocatable copyright owner process occupied too much of the Board's resources to administer and was not a useful process. This was categorically disputed by Mr. Justice William J. Vancise, the Chairman of the Copyright Board who was also at Fordham.

From 1990 to 2013 the Board granted 277 licences. The licences are available online for review. Licences have been issued for a variety of subject matter including books, newspapers, music, photos and films. Licences have even been granted for jokes and cartoons. The licencees have been diverse ranging from individuals, publishers, libraries, museums, and film producers. Even the Supreme Court of Canada was a licencee. The uses span the exclusive rights in the Act. In some cases, the licence is terminable on notice by the copyright owner, should owner turn up. There is no specific limit on the number of works that can be subject to any licence. In one case, 621 works were licenced at the same time by the Board.

The Board has the power to impose terms and conditions associated with licences. A limitation that is always imposed is one that limits the uses to Canada. The Board almost invariably requires some form of payment in consideration of the licence. They range from flat fees, unit or variable fees, and royalties that depend on the revenues earned. Payments are made to a collective society designated by the Board; the rights owner has 5 years to make a claim. If no claim is made, the payment is available for general distribution by the collective society.

Since 1990, the Board has given reasons in 8 cases for denying licences. The reasons have been because the applicant didn't need a licence; the ownership in the work was disputed, but the owner was not unlocatable; or there was no evidence that the work had been published. The Board has also frequently refused licences when through its own diligence it located the owner of the copyright.

The Act leaves it to the Board's discretion to decide whether a licence should be granted. In deciding whether to grant one, the Board takes a number of principles into account. These include:

- A goal of the Act which is to promote the dissemination of content, which can be impacted by owners who can't be located.
- The presumed intentions of the copyright owner. The Board puts itself into the shoes of the copyright owner. It would not, for example, grant a licence where the copyright owner had refused a licence before and would likely do so again if asked.
- Whether the proposed use would negatively affect the reputation of the author or the work.

These principles were summarized in the reasons of the Board in the case, Breakthrough Films & Television Inc., Toronto, Ontario, for the off-camera narration of book extracts in a television program where the Board stated the following:

> *The section 77 regime requires the Board to exercise its discretion based on, among other things, the presumed interests of the unlocatable copyright owner, which implies to some extent that the Board is required to act on the owner's behalf. The regime must also be interpreted so as to mitigate the exclusive nature of copyright in favour of the public interest in cases where the owner cannot be located, in order to allow the dissemination of works that might otherwise not be. In effect, if the owner cannot be located, copyright cannot be released, thus preventing the dissemination of numerous works, to the detriment of "the public domain [works] to flourish".*
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> *The Board cannot systematically refuse to issue licences simply because the applicant has already used the work in question, without considering the merits of each application. Such a refusal by the Board would constitute a limitation on its discretion and would not give account for the complex and multidimensional nature of copyright….*

There was also a strong dissent by two member of the Board in the above case. In giving reasons, the dissenting panel members explained the principles the Board uses in exercising its discretion to grant a licence.

> *Section 77 is a remedial provision. It seeks to attenuate some of the less palatable effects of the exclusive nature of copyright. Its object is to foster the circulation of works and other subject matters protected by copyright while at the same time protecting the moral and economic interests of those who own them. Section 77 also*

is an exceptional provision. Very few jurisdictions throughout the world have adopted similar provisions.

Deciding whether to issue a licence authorizing the use of a work or other subject-matter protected by copyright when the owner of the copyright cannot be located involves a number of considerations. Some are legal. Others relate to the public policy objectives of the Act in general, and of section 77 in particular.

From a legal perspective, the Act sets out a number of clear conditions that must be met before the Board can decide whether to exercise its power to issue a licence. In the case of a work, for example, the Board must find that the work is protected by copyright, that it was published and that the intended use is an act mentioned in section 3 of the Act; the Board also must be satisfied that the applicant has made reasonable efforts to locate the owner of the copyright and that the owner cannot be located.

If the conditions set out in the Act are met, the Board "may" issue a licence. If it does, it must set the terms and conditions of the licence, including the amount that the copyright owner may claim within five years after the expiry of the licence. Both decisions involve the exercise of discretion, influenced by a number of considerations.

In dealing with section 77 applications, the Board has always viewed its role as that of stepping into the shoes of the copyright owner. The owner's wishes ought to play a very important role. So, the Board should not issue a licence for the use of a work in association with a cause or product if it is known that the copyright owner systematically refused in the past to be associated with such a cause or product. That said, since the issue arises only when the owner cannot be located, taking into account the owner's probable conduct is difficult. The Board will almost inevitably look at substitute tests to assess what that conduct might have been. Market practices often will play an important role, based on the assumption that these practices reflect the owner's most probable course of action.

We agree with this approach, as long as certain public policy objectives are also taken into account. For example, general principles that underpin copyright law should be kept in mind. While the interests of copyright owners should be protected, so should those of users, given the recent insistence of the Supreme Court of Canada in balancing the rights of the former and those of the latter. The public interest in the dissemination of works and subject-matters alsoshould be given some attention.

The importance of fostering compliance with copyright rules also should be emphasized. By this, we do not mean that licences should be issued simply so as to convert an infringer into a licensee. Users should be encouraged to evolve towards practices where licences are sought before a work is used. The Board should not condone industry practices that view licensing copyright as an afterthought, thereby showing lack of disregard for the rights of copyright owners.

Finally, general public policy should be taken into account, if only because a public agency cannot be asked to exercise its discretion in a manner that runs against clear public policy. For example, the Board should not issue a licence for a purpose that is repugnant to modern Canadian society, even if the author was known to support

> *such a purpose; this would disregard public interest objectives that the Board always should keep in mind.*
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> *Coming to decisions according to the principles outlined above will involve weighing many factors including the nature of the original work, the anticipated use of the work, the difficulties encountered in locating the copyright owner, the benefits that are derived by the applicant in the use of the work and the royalty fees normally paid in the industry for the use of such works….*

The dissenting panel members expressed strong reasons for not granting retroactive licences.

> *Nothing in the Act prevents the Board from issuing a licence after a use has occurred, in effect legitimizing the infringing action. By categorically refusing to issue licences for such acts, the Board would probably fetter its discretion.*
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> *Deciding whether to issue a licence after an infringement has taken place raises a variety of issues. Most can be identified and addressed using the principles outlined above. Would the copyright owner have issued the licence in similar circumstances? Will issuing the licence foster the public policy objectives of copyright law?…*
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> *Issuing retroactive licences promotes certain valid objectives. It fosters certainty. If done properly and reasonably, it can encourage a culture in which copyright is acknowledged and respected: to an extent, the person who applies for a retroactive licence recognizes the importance of copyright and that should be encouraged. Also, issuing any licence promotes the dissemination of published works. Users who might simply have proceeded without provisions for royalties in the past are now provided with an incentive to make royalties available.*
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> *Other public policy reasons militate against issuing retroactive licences. Issuing a licence deprives the copyright owner of the right to choose between agreeing to a price and seeking compensation for the violation of copyright that has already occurred. Once the licence is issued, the time within which the owner is entitled to collect royalties is set: it ends five years after the licence expires. Absent a licence, the owner can challenge a violation of copyright at any time, as long as it is within three years from the time he learns of the violation.*
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> *Most importantly, a licence should not be issued simply so as to absolve an infringement of copyright, whether deliberate or unwitting. A section 77 licence is not an insurance policy, a cheap way for users to manage the risk of a costly legal defence and statutory damages for infringement, or an easy way to deal with an afterthought resulting from incorrect assumptions about how easy or difficult finding a copyright owner will prove. It is not a dog licence. Asking for permission after the fact should be seen as prima facie suspect. Sloppiness should not be encouraged. Industry practices, however ingrained, should be discouraged if they do not show respect for copyright, even denounced if they treat the rights of copyright owners casually.*
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> *Finally, copyright owners should not lightly be deprived of the leverage they are given once their rights have been violated.*

- Canada's Anti Spam Legislation http://t.co/pafnNTV8PW ->
- CASL – An Overview of What You Need to Know « http://t.co/EG5eRvoXQw http://t.co/aZfzk6qdS5 ->
- Copyright 2.0 Show – Episode 324 – Supreme Aereo – Plagiarism Today http://t.co/e9XQPdbsUe ->
- Computer and Internet Law Weekly Updates for 2014-04-26 http://t.co/CwjV75dHK0 ->
- Computer and Internet Law Weekly Updates for 2014-04-26: When can employers conduct surveillance on employees … http://t.co/uWKUs1z3LB ->
- Orphan works: the Canadian solution: I had the pleasure of being a panelist at the 2014 Annual Fordham Law and… http://t.co/fRSl4KlHze ->