

**New Developments in EU and International
Copyright Law**

Edited by

Irini A. Stamatoudi



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Chapter 7

Orphan Works, Out-of-Commerce Works and Making the European Cultural Heritage Available: ‘Are We Nearly There Yet’?

Marie-Christine Janssens & Rán Tryggvadóttir*

7.1 INTRODUCTION¹

Since the turn of the century there has been a growing awareness of the need to facilitate access to European digital content.² Particular attention for preserving and making Europe’s cultural heritage available in the digital age was further raised by the Google book project in 2004.³ Google’s aim of

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1. This article results from desk top research analysing the different regulatory and practical solutions proposed in the 2012 orphan works Directive, the 2011 MoU on Out-of-Commerce works, recent legislation in selected EU Member States (The Nordic countries, UK, France and Germany) as well as in literature.
2. See i.e., the Action plan released in June 2000 *eEurope 2002 – An Information Society for All*, for the Feira European Council 19–20 Jun. 2000.
3. Maurizio Borghi and Stavroula Karapapa, *Copyright and Mass Digitization*, 11 (OUP 2013).

creating a comprehensive digital library⁴ – evoking images of historic fires at the Library of Alexandria and the Library of Congress⁵ – spurred the European Commission⁶ into action which resulted in the European Digital Library Initiative of 2005.⁷ The subsequent attempts by Google at settlements⁸ motivated further initiatives,⁹ such as the Orphan Works Directive¹⁰ in 2012 and the Memorandum of Understanding on Out-of-Commerce Works in 2011.¹¹ Other than direct individual licensing, those two initiatives constitute the main instruments which digital libraries and other cultural heritage institutions in Europe have for making in-copyright works available online. This article will assess these initiatives and their implementation by Member States in order to determine ‘if we are nearly there yet’.¹²

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4. It is unclear whether the Google book project actually qualifies to be called a library, cf. Besek JM, ‘The development of digital libraries in the United States’ in Bently L, Suthersanen U and Torremans P (eds), *Global Copyright; Three Hundred Years since the Statute of Anne, from 1709 to Cyberspace*, (Cheltenham: Edw. Elgar Publ, 205 (2010) and Pamela Samuelson, ‘Google Books is not a library’ *Huffington Post* (18 March 2010) <http://www.huffingtonpost.com/pamela-samuelson/google-books-is-not-a-lib_b_317518.html> accessed 9 Dec. 2015.
 5. Statement by Google’s co-founder Sergey Brin, *A Library to Last Forever*, New York Times, <http://www.nytimes.com/2009/10/09/opinion/09brin.html>. See also, *infra* n. 9.
 6. Hereinafter referred to as ‘the Commission’.
 7. COM(2005) 465 final, *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - i2010: digital libraries* (2005). See also Rán Tryggvadóttir, *Digital libraries, the Nordic system of extended collective licenses and cross-border use*, *Auteurs & Media*, 314 (2014).
 8. There is an abundant literature on the Google book project and the attempted settlements; see e.g., Giuseppe Colangelo and Irene Lincesso, *Law versus technology: looking for a solution to the orphan works’ problem*, *Int J Law Info Tech*, 178, 186 (2012); Daniel Gervais, *The Google Books Settlement and the TRIPs Agreement*, *Stan.Tech.L.Rev.* 1 (2011); Katharina de la Durantaye, *Finding a home for orphans: Google Book Search and Orphan Works Law in the United States and Europe*, 21 *Fordham Intellectual Property, Media & Entertainment Law Journal* 229 (2011); James Grimmelman, *The Elephantine Google Books Settlement*, 58 *Journal of the Copyright Society of the USA*. 497 (2011); Pamela Samuelson, *The Google Book Settlement as Copyright Reform*, *Wis.L.Rev.* 479, 511 (2011); Jonathan Band, *The Long and Winding Road to the Google Books Settlement*, 9 *J. Marshall rev. Intell. Prop. L.* 227 (2009). See also, *infra* n.46.
 9. Viviane Reding, Press Release 19 Oct. 2009, *European Commission put challenges of books digitisation for authors, libraries and consumers on EU’s agenda*, IP/09/1544.
 10. Directive 2012/28/EU of the European Parliament and of the Council of 25 Oct. 2012 on certain permitted uses of orphan works, *OJ/L* 299/5, 27.10.2012 (hereinafter ‘OWD’ or ‘the Directive’).
 11. Memorandum of Understanding on Key Principles on the Digitisation and Making Available of Out-of-Commerce Works of 20 Sep. 2011 (hereinafter ‘the MoU’).
 12. It is outside the scope of this chapter to discuss other allowed uses, such as the exceptions contained in Art. 5 of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society, *OJ L* 167, 22.6.2001 (hereinafter ‘InfoSoc Directive’) that cultural heritage institutions have at their disposal for making copies (digitizing)

7.2 ORPHAN WORKS

The issue of *orphan works* – i.e., copyright protected works whose rightholders cannot be identified or located – was singled out by stakeholders as one of the key copyright challenges for digital cultural heritage institutions.¹³ Although such institutions own physical copies of protected works, they do not hold the copyright and need to seek permission for making such works available online. In the case of orphan works, it is impossible to obtain permission, and this affects their ability to fulfil their purpose of promoting access to and preserve the cultural heritage. This adds to the danger of a twentieth century ‘black hole’ where ‘cultural material from before 1900 is accessible on the web, but very little material from the more recent past’.¹⁴ Thus, in essence, the orphan works problem is a rights clearance issue with important practical and societal consequences as it hinders access and potentially beneficial uses of these works.¹⁵

After an unsuccessful attempt at a soft-law approach,¹⁶ the European legislator enacted a Directive to solve the problem of orphan works. The special ‘legal rights clearance mechanism’ that was ultimately adopted,¹⁷ should facilitate the major aim of the Directive to enhance *legal certainty* in the internal market for the digitization and making available of orphan works

in-copyright works in Art. 5(2)(c) as well as making them available on dedicated terminals on the premises of those same institutions in Art. 5(3)(n).

13. Although hard data are lacking, it has been demonstrated that orphan works represent a significant part of the collections of cultural institutions in Europe; see SEC(2011) 615 final, *Impact Assessment on the Cross-Border Online Access to Orphan Works; Commission Staff Working Paper accompanying the document Proposal for a Directive of the European Parliament and of the Council on certain permitted uses of orphan works* (2011), 11–12; see also references in David R. Hansen, et al., *Solving the Orphan Works Problem for the United States*, 37 Colum. J.L. & Arts 1, 4 (2013–2014) and Katharina de la Durantaye, *Orphan works: A comparative and international perspective*, in DJ Gervais (ed), *International Intellectual Property. A Handbook of Contemporary Research* (Cheltenham: Edward Elgar publ.), 190, 191, (2015) fn. 4.
14. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Europe’s cultural heritage at the click of a mouse: Progress on the digitisation and online accessibility of cultural material and digital preservation across the EU* (COM(2008) 513 final, 2008), 3.
15. Compare *Green Paper; Copyright in the Knowledge Economy*, COM(2008) 466, 8. For an extensive account of the underlying legal and practical problems, see Stef van Gompel, *Unlocking the Potential of Pre-Existing Content: How to Address the Issue of Orphan Works in Europe?* 6 IIC 669 (2007).
16. Only a few Member States introduced legal provisions; see SEC(2011) 615 final, *Impact Assessment*, 12 and 48.
17. In the past, various alternatives have been explored running from legal presumptions to legal exceptions, extended collective licensing, mandatory collective management or authorization to be granted by an administrative or judicial authority; see, e.g., M Van Eeckhoud e.a., *Harmonizing European Copyright law: the challenge of better lawmaking* (Alphen aan den Rijn: Kluwer Law Int.), 282 ff (2009).

with a minimal risk of liability.¹⁸ However, the question remains how successful it is in aiding cultural heritage institutions in pursuing their goal of preserving and disseminating the cultural heritage in the digital age.

7.2.1 THE OWD IN A NUTSHELL¹⁹

The Directive sets out the conditions under which an *orphan work status* can be established and legitimately used throughout the whole EU/EEA. Its objective is to facilitate *certain* uses of *most* but not all orphan works that are in the archives and collections of *certain* cultural heritage institutions in order to allow these organizations to fulfil aims related to their public-interest missions (Article 1).²⁰ The Directive defines when and how the orphan work status is determined (Articles 2–3) and ensures cross-border effect by mutual recognition (Article 4). Rightholders are guaranteed the right to put an end to an orphan work status at any time (Article 5). Permitted uses of orphan works are facilitated by obliging Member States to create a new exception to the economic rights of reproduction and communication to the public right (Article 6). Finally, there are provisions regarding respect of other rights, application in time, transposition and review of the Directive as well as its entry into force and addressees (Articles 7–12).

7.2.1.1 Beneficiaries

Only *certain types of institutions*²¹ – no individuals – can use orphan works under the Directive, and only on the condition that they are *established in a Member State*.²² These beneficiaries are listed in an exhaustive manner and can be grouped into four categories: (1) publicly accessible libraries,

18. Recitals (3) (9) and (25) OWD and COM(2011) 289 final, *Proposal for a Directive of the European Parliament and of the Council on certain permitted uses of orphan works* (2011), 1.

19. For a more detailed analysis, see e.g., Uma Suthersanen and Maria Mercedes Frabboni, M., *The Orphan Works Directive*, in I. Stamatoudi en P. Torremans (eds), *EU Copyright Law. A Commentary* (Cheltenham: Edw. Elgar Publ.), 653 (2014); Marie-Christine Janssens and Rán Tryggvadóttir, *Facilitating access to orphan and out-of-commerce works to make Europe's cultural resources available to the broader public*, in Irini Stamatoudi (ed.), *Copyright and the Digital Agenda for Europe: Current Challenges for the Future* (Athens: Sakkoulas Publications,), 27 (2015); Eleonora Rosati, *The Orphan Works Directive, or throwing a stone and hiding the hand*, 8 *Journal of Intellectual Property Law & Practice* 303 (2013).

20. Although the notion 'works' that is used in the title and headings of the Directive only seems to refer to copyright protected material, the Directive clearly embraces related rights as well; see Art. 1(2) *in fine* and Recitals (3) and (14) OWD.

21. These institutions will be referred to in this article as 'beneficiaries' or 'beneficiary institutions'.

22. Article 1(1) OWD.

educational establishments and museums;²³ (2) archives;²⁴ (3) film or audio heritage institutions; and (4) public-service broadcasting organizations.²⁵

7.2.1.2 Orphan Work Status

Not all works can qualify to obtain the status of orphan work under the Directive. First, only works protected by copyright or related rights that are contained in the collections or archives of the beneficiary institutions are eligible. Second, only works which have been *first published* or broadcast *in a Member State* will qualify.²⁶ This excludes works first published or broadcasted elsewhere in the world.²⁷ If a beneficiary institution has in its collection works *that have never been published or broadcast* those can fall under the Directive if they have been made publicly accessible with the consent of the rightholder and if it is reasonable to assume that the rightholders would not oppose the uses under the Directive.²⁸ Third, only certain categories of works, enumerated in Article 1(2) and (4), qualify. These are: (1) writings, such as books, journals, newspapers and magazines, (2) cinematographic and other audiovisual works, (3) phonograms,²⁹ and (4) embedded works, i.e., works or other protected subject-matter that are incorporated in, or constitute an integral part of the three aforementioned types of works.

Works³⁰ that fall under all the three criteria mentioned above will be considered orphan works under the Directive if: (1) none of the rightholders in that work is identified, or if one or more of them is identified, none of

23. The term 'publicly accessible' is not defined but Recital (20) indicates that it has the same meaning as under Art. 5(2)(c) of the InfoSoc Directive. The same applies to what is to be understood by 'archives'.

24. Which presumably need not be publicly accessible; cf. Bechtold, *Art. 5*, in Dreier and Hugenholtz (eds), *Concise European Copyright Law* (Kluwer Law Int.), 376 (2006).

25. See more clarification regarding the two latter categories in Recital (20). Clearly, a higher threshold is laid down as compared to the two first categories in the sense that some official recognition by a national legislator is required.

26. Article 1(2) OWD.

27. This was decided for reasons of international comity, cf. Recital (12) OWD. No guidelines are to be found what to do when it is impossible to locate the place of first publication or broadcast.

28. Article 1(3) OWD. No further guidelines for this very subjective assessment are given. As we are dealing with unidentifiable and/or unlocatable rightholders, such a burden of proof may be extremely difficult to meet by beneficiary institutions; cf. Suthersanen and Frabboni, *supra* n. 18, at 661–662; Jean-Paul Triaille and others, *Study on the Application of Directive 2001/29/EC on Copyright and Related Rights in the Information Society* 253–254 (2013).

29. For audiovisual works and phonograms that are produced and contained in the archives of public-service broadcasting organizations, there is the further condition that the work has been produced by the organization before 31 Dec. 2002; see Art. 1(2)(c) and Recitals (10) and (11) OWD.

30. Hereinafter the term work will be used to cover both works and phonograms.

those can be located; (2) a diligent search for the rightholders has been carried out unsuccessfully; and (3) the results of this diligent search are duly recorded in compliance with Article 3 of the Directive.³¹

Once it is established in one Member State that a work is orphan³² it shall be considered orphan in all the other Member States, i.e., mutual recognition of the status to ensure cross-border use.³³ Member States are obliged to provide a rightholder in a work that is considered orphan the possibility to put an end to the orphan work status at any time.³⁴

7.2.1.3 Diligent Search

The relevant beneficiary institution is responsible for the diligent search required for a work to be considered orphan. However, another organization may be commissioned to carry out the search.³⁵ The OWD does not contain a precise definition of ‘diligent search’, but sets a minimum threshold: it should be conducted: (1) in a diligent way, (2) in good faith, (3) for each work, and (4) prior to the use. Moreover, for the search to be diligent, a minimum set of resources to be consulted is identified in the Annex to the Directive but this list may be supplemented by the Member States.³⁶

With the aim to avoid expensive duplication of search efforts, the Directive adopts a ‘one search per Member State principle’: searches should be carried out in the Member State of first publication or first broadcast only.³⁷ For cinematographic or audiovisual works the search should be undertaken in the country where the producer has his or her headquarters or habitual residence. However, if there is evidence of relevant information in sources in other countries, those should also be consulted.³⁸ It is not specified whether the notion ‘countries’ in this instance refers only to Member States or includes the whole world.

The results of the search must be recorded and maintained to verify that the search was diligent.³⁹ Furthermore, the beneficiary institution must transmit the records of the search, information on the uses of orphan works,

31. Article 2(1) OWD.

32. There are no provisions in the Directive that establish *when* exactly a work will legally receive an orphan work status in one Member State and whose responsibility it is to finally afford that legal status.

33. Article 4 OWD and Recital (23).

34. Article 5 OWD.

35. Recital (13) OWD. Such other organization can be paid for the search. The line between the (permitted) fee-charging for search and the (non-permitted) financial gains under public-private partnerships, will not always be easy to draw.

36. Article 3 OWD.

37. In the case of unpublished or not broadcast works, the search is to be carried out where the beneficiary institution is established, cf. Art. 3(3) in fine.

38. Article 3(4) OWD. It is to be assumed that in doing so the beneficiary institutions will use the adopted guidelines for relevant sources in their own national legislation.

39. Article 3(5) and Recitals (15) in fine and (19).

relevant contact information as well as any change in the status of the orphan work to a competent national authority (CNA).⁴⁰ The Directive contains no further provisions on the responsibilities of such an authority⁴¹ which is consequently left to national legislators to define. It seems, however, likely that their role would at least include the forwarding of information transmitted to them to the *single publicly accessible online database* managed by the Office for Harmonization of the Internal Market (OHIM).⁴²

7.2.1.4 Permitted Uses

Uses of works considered orphan under the Directive are facilitated by a mandatory exception or limitation.⁴³ Permitted uses are: (a) the making available to the public⁴⁴ and (b) acts of reproduction but only for the purposes of digitization, making available, indexing, cataloguing, preservation or restoration.⁴⁵ The exception seems to overlap to a certain extent the exception in Article 5(2) (c) of the Infosoc Directive for ‘specific acts of reproduction’.^{46,47} However, unlike in the InfoSoc Directive, the exception

40. Article 3(5) OWD.

41. It appears that the reason for requiring the establishment of a CNA stems from a provision in Reg. No. 386/2012 on the tasks of OHIM, Art. 2(2)(k). The provision in Art. 2(2)(k) states that OHIM is to work with national authorities in developing an online network.

42. The OHIM database for orphan works became operational at the end of October 2014 (<https://oami.europa.eu/orphanworks/>). As a result of a trademark reform package in 2015-2016, the OHIM will henceforth be renamed as ‘European Union Intellectual Property Office’ (see Art. 2 EU Trademark Regulation).

43. Article 6(1). As is stated in Recital (20) OWD, this exception has to be added to the exhaustive list in Art. 5 of the Infosoc Directive.

44. This is limited to making the works available to the public ‘in such a way that members of the public may access them from a place and at a time individually chosen by them’, cf. Art. 3 of the Infosoc Directive.

45. Article 6(2) OWD. Other uses, i.e., distribution, performance or public display fall outside the scope of the Directive; see De la Durantaye, *supra* n. 12, at 205.

46. The word ‘specific’ has been interpreted to exclude mass-digitization of all works in the collection of beneficiaries for preservation purposes, but nevertheless beneficiary institutions have relied on that for such activities; see *Technische Universität Darmstadt v. Eugen Ulmer KG*, C-117/13, at 38. Compare Triaille, *supra* n. 27, 280–281. It is interesting to note that in the USA mass-digitization by Google was deemed to be transformative fair-use, cf. *Authors Guild, Inc. v. Google Inc.*, 954 F. Supp. 2d 282 (S.D.N.Y. 2013), confirmed by the Court of Appeals in October 2015, cf. *Authors Guild v. Google* (USCA SC 2015), 2. Also use by libraries of digitized copies provided by Google for text mining and for giving access to print disabled is deemed fair-use in *Authors Guild v. Hathitrust*, 755 F.3d 87(2d Cir. 2014).

47. A possible overlap may also exist with the educational exception in Art. 5(3)(a) that allows for the use of any type of work, including orphaned and out-of-commerce printed, audio, visual and other matter, without the requirement to conduct a diligent search.

under the OWD is mandatory and lists clearly for what purposes reproduction is permitted.⁴⁸

Only uses that fall within a *public-interest mission* are allowed.⁴⁹ The public-interest mission seems to be ‘the’ crucial determining factor under the Directive. The European legislator, aware of the Google Books Saga performed on the other side of the Atlantic, was keen to prevent control of access to the cultural heritage by entities pursuing a private commercial goal. It is therefore surprising – and regrettable – that no further guidance is given in the Directive as to what is to be understood by a public-interest mission.⁵⁰

The obligatory mutual recognition of the orphan work status in Article 4 OWD creates the necessary legal security for cross-border use of orphan works.

7.2.1.5 The Rights of Rightholders

Member States must ensure that rightholders can at any time put an end to the orphan work status of their work.⁵¹ They must moreover provide a compensation scheme for the use that has been made by beneficiary institutions of such a work but they remain free to decide how such scheme is to be organized, i.e., the level and the conditions of the compensation.⁵² The Directive also stipulates that when using orphan works the name of identified authors and other rightholders should be indicated.⁵³

48. There is, however, no provision in the OWD securing that the allowed use under the exception is not over-riden by contract. Article 7 OWD even seems to point to the opposite, i.e., ‘This Directive shall be without prejudice to ... the law of contract ...’.

49. Articles 1(1) and 6(2) OWD. Recital (20) refers to activities such as ‘the preservations of, the restoration of, and the provision of cultural and educational access to, their collections, including their digital collections’, but these factors are clearly not exhaustive.

50. Suthersanen and Frabboni, *supra* n. 19, at 658.

51. Article 5 OWD.

52. Article 6(5) OWD and Recital (18). The compensation could be seen as an attempt to put re-appearing rightholders of orphan works on a same or similar level as known rightholders of comparable works. The work of the latter would not be used without their consent and presumably for a certain remuneration.

53. This seems to hint to the moral right of attribution even though such rights have not yet been harmonized at the level of the EU. However, given the importance of securing that rightholders are found, it is more likely that this requirement is to help identifying rightholders, which have been identified but not located, to bring the orphan work status to halt if they reappear.

7.2.2 IMPLEMENTATION

The Directive was to be implemented by all Member States by 29 October 2014.⁵⁴ Most have opted for a rather literal transposition.⁵⁵ However, the considerable flexibility that the OWD allows regarding many issues, such as in relation to compensation,⁵⁶ diligent search and the end of the orphan work status, will reinforce differences.⁵⁷

As regards *diligent search*, most Member States have chosen only to specify the mandatory list of sources.⁵⁸ However, the choice of which institution will serve as the CNA varies considerably.⁵⁹

As to the *end of orphan work status* many Member States stipulate that the beneficiary institution must examine a claim by a rightholder to end the orphan work status and demand that the rightholder provides evidence for his or her claim.⁶⁰ As an example of the differences in approaches it can be mentioned that in Finland the orphan work status does not end until a notice to that effect has been introduced into the OHIM database, whereas in Austria the beneficiary institution should cease to use an orphan work as soon as it becomes aware of the identity and location of a rightholder. Furthermore, while in Austria the right to compensation expires ten years after the work has been first used, such a limitation does not exist in the Finnish Act.⁶¹

54. Following their failure to enact the OWD, the Commission has send reasoned opinions in May 2015 to Belgium, Cyprus, Luxemburg, Poland, Romania and Slovenia (i.e., threatened them with possible financial sanctions); see http://europa.eu/rapid/press-release_MEMO-15-5053_en.htm. In the meantime, most of these countries have implemented the OWD. In the EFTA-EEA countries implementation was due by 6 Aug. 2015. Norway and Lichtenstein have already implemented and Iceland is in the process of doing so.

55. Information from a meeting with CNAs for the Orphan Works Database and the Orphan Works Directive, held on 14 Apr. 2015 at OHIM in Alicante, hereinafter 'the 2015 CNA OHIM meeting'.

56. See, *supra*, 7.2.1.5.

57. Compare Rosati, *supra* n. 19, at 309.

58. Article 3(2) OWD. Cf. summary of a survey conducted by ACE in January 2015; see <http://project-forward.eu/2015/04/03/ace-survey-on-the-implementation-of-the-orphan-works-directive/> (accessed 5 Jun. 2015) and information from the 2015 CNA OHIM meeting.

59. Article 3(5) OWD. Authorities that have been entrusted with such a task include, the German Patent and Trade Mark Office, the French Ministry of Culture and Communication, the UK Intellectual Property Office, the Hellenic Copyright Organisation, the Ministry of Justice of Estonia, the National Library of Portugal, the National Library of Norway, and the Cultural Heritage Agency of the Netherlands.

60. Compare Information from the 2015 CNA OHIM meeting.

61. For Austria, see § 56e (6) Urheberrechtsgesetz, as amended in 2014 (öBGBI. I Nr. 11/2015); for Finland, see Art. 8 of the Act 764/2013 on the use of orphan works.

7.2.3 CHALLENGES

Although the ink in the new national laws is barely dry (or for some even still flowing) and we may need some time for a reliable assessment of the impact of the OWD, certain gaps as well as practical problems seem already apparent. We will briefly comment on some major concerns while hoping that practice may prove us wrong.

The main objective of the Directive is to create a legally certain framework to facilitate the digitization and dissemination of orphan works. Greater legal certainty is indeed paramount for the investment needed to achieve the latter goal. However, the legal security seems to come at a price that European cultural heritage institutions appear hesitant to pay. This can be seen from the fact that six months after the Directive was to be implemented, only around 100 orphan works had been registered in the OHIM database.⁶² One of the main pillars for the legal security is the diligent search which is costly and time-consuming. The long list of sources to be consulted for the search to be diligent, is on its own quit challenging.⁶³ Furthermore, embedded works have to undergo a separate independent search which will be burdensome for categories of works where there are multitudes of embedded works (e.g., newspapers and magazines). The fact that a search may often have to be conducted abroad⁶⁴ will increase the already onerous and expensive per-work search burden.⁶⁵ Initiatives like ARROW⁶⁶ are likely to make searches more rapid and less costly. However,

62. More precisely: 52 audiovisual and cinematographic works, 49 literary works, and 1-2 titles in other categories have been declared orphan; see <http://project-forward.eu/2015/04/03/52-orphan-films-registered-in-ohim/>.

63. Article 3(2) OWD. The Electronic Information for Libraries recommended Member States not to add more items to the list of sources to search when implementing the Directive, cf. EIFL, *Guide To The European Orphan Works Directive*, 8 (2013). Furthermore, a preliminary research finding by the EnDOW project on the accessibility of the mandatory sources, revealed that in the UK 30% of the mandatory sources were not easily accessible, 60% of mandatory sources in the Netherlands and 70% in Italy, cf. presentation on the EnDOW project at a Europeana workshop in Luxembourg, 27 Nov. 2015.

64. *Supra*, 7.2.1.3.; searches have to be conducted in the Member State of first publication or first broadcast, which may not be the Member State where the beneficiary institution is situated (e.g., a German library having French, Spanish and many other foreign language works in its collections). Additionally, searches have to be conducted abroad, even outside of the EEA area, if there is evidence of relevant information in other countries.

65. De la Durantaye argues that the Directive is in fact only useful for works consisting of printed matter, without embedded illustrations, because of the potential extra search cost for other types of work, especially those with more than one rightholder; De la Durantaye, *supra* n. 13, at 205.

66. ARROW is a tool for automated rights clearance searches and for facilitating rights information management in any digitization project involving text and image-based works, see <http://arrow-net.eu/>. See on ARROW, also N. Klass and H. Rupp, 'Europeana,

they do not exist in all sectors or all countries.⁶⁷ To be added to the diligent search cost is the cost of recording and reporting the results of the searches. Although the Directive allows beneficiary institutions to generate revenues in the course of permitted uses⁶⁸ these may still be insufficient to be financially feasible for the beneficiaries to make use of the Directive.⁶⁹ An empirical study to obtain hard data on the issue would be very useful.

The OHIM database may play an important role in the future and increase legal certainty if it becomes an authoritative and comprehensive one-stop search for certain works, allowing one single search in its register to qualify as a sufficient diligent search.⁷⁰ The concern that a work might be qualified as ‘orphan’ in one Member State, although its author is known in another,⁷¹ might then largely have faded away. In that connection, it is of paramount importance to secure interoperability and interlinking between the (optional) national databases and the OHIM database.⁷²

For the time being, however, several unresolved issues as well as the limitations of its scope of application somehow obstruct the Directive’s goal to offer legal security.

An important lacuna is that the Directive does not cover all works. It leaves out stand-alone photographs and other images, an area where the problem of orphan works is particularly pressing.⁷³ Furthermore, audiovisual works and phonograms that are produced by public-service broadcasting organizations after 31 December 2002 are also excluded from the scope of

Arrow and Orphan Works: Bringing Europe’s Cultural Heritage Online’, in I. Stamatoudi and P. Torremans (eds), *EU Copyright Law. A Commentary*, (Cheltenham: Edw. Elgar Publ.), 974 (2014).

67. Julian Boulanger and others, *Assessing the economic impacts of adapting certain limitations and exceptions to copyright and related rights in the EU - Analysis of specific policy options*, Study for the European Commission (2014), 23.

68. Article 6(2) OWD *in fine* and Recital (21).

69. Despite the emphasis in the EU on the importance of Private Public Partnership financing of digitization, beneficiary institutions are still largely funded by public budgets. In 2011 private funding was less than 10% of costs, see SEC(2011) 1274, *Commission staff working paper accompanying the document Commission Recommendation on the digitisation and online accessibility of cultural material and digital preservation*, SEC(2011) 1274 (2011), 14. In 2014, it was observed by the Commission that digitisation efforts still relied for the most part on public funding, see *Cultural heritage: Digitisation, online accessibility and digital preservation. Report on the Implementation of Commission Recommendation 2011/711/EU, 2011-2013* (2014), 6. See also De la Durantaye, *supra* n. 12, at 205–206.

70. Suthersanen and Frabboni, *supra* n. 19, at 674–675.

71. A. Kur and Th. Dreier, *European Intellectual Property Law*, Edw. Elgar, 283 (2013).

72. HLG - Copyright Subgroup, *Report on Digital Preservation, Orphan Works, and Out-of-Print Works. Selected Implementation Issues* (2007); cf. De la Durantaye, *supra* n. 13, at 214.

73. Report of the Public Hearing on Orphan Works, Brussels, 26.10.2009, accessible http://ec.europa.eu/internal_market/copyright/docs/copyright-info/orphanworks/report_en.pdf; SEC(2011) 615 final, Impact Assessment, 11.

application.⁷⁴ Additionally, the question of unpublished works is only partly solved and its solution is moreover based on a subjective criterion that is difficult to apply in practice.⁷⁵ Foreign works, i.e., works first published outside of the EEA area, are also not covered.⁷⁶ The Directive stipulates that from October 2015 the Commission should submit an annual review on the possible inclusion of works that currently remain outside the scope of application. However, it is unlikely that adaptations to the Directive will be proposed in the very near future as the Commission feels more time is needed to assess its practical impact.⁷⁷

Another unresolved issue is the question at what moment in time the status of orphan works will be established. This is important to determine when beneficiary institutions can commence legal use of the orphan works. A similar problem may arise concerning the end of the orphan work status. Beneficiary institutions can at any time expect that rightholders of works considered orphan reappear and put an end to the orphan work status.⁷⁸ The procedure for this is left to national legislator's discretion.⁷⁹ Even more importantly, there is no provision as to the mutual recognition of the end of the orphan work status or who and how the end should be communicated to other beneficiary institutions, whether in the same Member State or another. This creates insecurity, particularly with regard to the duty to pay compensation. Although the compensation could potentially be very low,⁸⁰ it is unclear who is responsible for compensation for cross-border use, i.e., use in other Member States,⁸¹ and from what point in time.

74. Article 1(2) (c). No explanation is given for the date. The European Broadcasting Union (EBU) opposed a specific cut-off date and maintained that it should be left to Member States to (possibly) set a date, taking into account the situation in its country; cf. EBU's position on the proposal for the OWD, 27 Mar. 2012.

75. See, *supra*, 7.2.1.2.

76. According to Recital (12), this is due to 'reasons of international comity'. However, relevant international treaties do allow foreign works to be covered by national rules as long there is no discrimination. The reason may of course be that such work are not considered part of the European cultural heritage or because diligent search would be cumbersome. At the same time Art. 3(4) OWD suggests that relevant information on rightholders could be expected to be in a country outside the EEA.

77. Such intention is at least not mentioned in the *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions; Towards a modern, more European copyright framework* of 9 Dec. 2015, COM(2015) 626 final (hereinafter 'December 2015 Communication').

78. Article 5 OWD. The issue is also relevant with regard to when an orphan work enters the public domain and beneficiaries can start using the work simply because it is out of protection.

79. See, *supra*, 7.2.2.

80. *Supra*, 7.2.1.5.

81. See Lucie Guibault, *Are European orphans about to be freed?* (2012) <<http://kluwercopyrightblog.com/2012/09/21/are-european-orphans-about-to-be-freed/>> accessed 27 May 2015.

Other issues that will need clarification include possible overlaps with the exceptions and limitations provided in Article 5 of the Infosoc Directive⁸² as well as the compatibility with the Directive of the arrangements in the Member States concerning the management of rights for mass use such as extended collective licenses,⁸³ legal presumptions of representation or transfer, collective management or similar arrangements or a combination of them.⁸⁴

One may expect that national courts will refer some of the aforementioned unresolved questions to the CJEU. Guidance from this Court will probably also be sought in respect of unclear key notions such as first publication or first broadcast, diligent search and good faith,⁸⁵ which will most likely be given an ‘autonomous and uniform interpretation’.

The Court’s reading of the scope of the new orphan work exception will, in particular, be interesting as its earlier decisions on exceptions and limitations contain some ambiguity. While the Court has repeatedly emphasized that exclusive rights warrant a broad interpretation and that exceptions should be interpreted strictly,⁸⁶ the Court has on some occasions decided that an exception should be interpreted in such a way as to enable its effectiveness and purpose, i.e., allowing for a more open interpretation.⁸⁷

It is clear that the OWD does not offer a solution for mass-use or mass-digitization of orphan works or other in-copyright works. Furthermore, as its scope is limited to institutions that are publicly accessible and uses in connection with their public-interest mission, it excludes commercial uses and, moreover, leaves commercial entities without means to make in-copyright orphan works available. Given these restrictions as well as the abovementioned unresolved issues, cultural heritage institutions may only see the benefit of applying the system of the OWD under very few circumstances, such as for a small specialist or niche collections of works, which are easily identifiable or consisting mainly of orphan works.⁸⁸ A study

82. See, *supra*, 7.2.1.4. It is important to remember that none of the exceptions in the Infosoc Directive requires prior diligent search to find rightholders before making use of works.

83. ECL is a licence for a specific use of in-copyright works in a specified field based on an agreement that a CMO makes with a user and which is extended to rightholders that are not members of the CMO, often called outsiders. The legal effect of the extension is made possible by a provision in a copyright act. The scope and applicability of the ECL is based on the licence agreement, cf. Tryggvadóttir, *supra* n. 7, at 315.

84. See, respectively, Recitals (4), (20) and (24) & Art. 10 OWD.

85. Articles 1(2), 2(1) and 3(1) OWD.

86. See, e.g., *Infopaq International A/S v. Danske Dagblades Forening*, C-5/08, at 56–57; *Football Association Premier League v. QC Leisure*, C-403/08 & C-429/08, at 162; *Eva-Maria Painer v. Standard Verlag*, C-145/10, at 109; *Padawan v. SGAE*, C-467/08, at 36.

87. *Eva-Maria Painer v. Standard Verlag*, C-145/10, at 133; *Technische Universität Darmstadt v. Eugen Ulmer KG*, C-117/13, at 43.

88. Ben White, *Guaranteeing Access to Knowledge: The Role of Libraries*, WIPO Magazine, August 2012.

by the IViR institute of the University of Amsterdam identified mandatory collective management of rights and ECL as the only two viable solutions to address the problem of orphan works in the Netherlands.⁸⁹ It is unfortunate that the European legislator has not further explored this path even though an ECL mechanism was already introduced in the past.^{90,91}

In this context, it is interesting to note that the UK, along with the implementation of the Directive, has put in place a complimentary licensing system.⁹² This latter system seems to be more used than the system under the Directive,⁹³ despite the fact that it presupposes diligent search as well as a licence fee for the non-exclusive, renewable seven-year licences, which are not for cross-border use.^{94,95} The preference of institutions to use the alternative scheme may be explained by the fact that it covers all types of works, especially stand-alone-images, and allows for both commercial and non-commercial use. The scheme has been criticized as possibly incompatible with the Directive, i.a. because it may make its implementation in the UK redundant.⁹⁶

89. P.B. Hugenholtz, S.J. van Gompel, L. Guibault, R. Obradović *Extended collective licensing: panacee voor massadigitalisering?*, 75, available at <http://www.ivir.nl/publicaties/download/1471> (accessed 16 Jun. 2015).

90. See Art. 3 of Council Directive 93/83/EEC of 27 Sep. 1993 on the co-ordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, *OJ* 1993 L 248/15 (hereinafter ‘Satellite Directive’).

91. We do not argue that ECL’s offer the only answer. A comprehensive solution should also take into account the different types and scales of uses (mass use, small-scale use, transformative uses) and therefore include a multifaceted strategy, as was proposed by Stef van Gompel, *The Orphan Works Chimera and How to Defeat It: A View From Across the Atlantic*, 27 *Berkeley Technology Law Journal* 1347 (2012).

92. Besides the Copyright and Rights in Performances (Certain Permitted Uses of Orphan Works) Regulations 2014, which transposes the Orphan Works Directive into English law, the legislator also adopted in October 2014 the Copyright and Rights in Performances (Licensing of Orphan Works) Regulations 2014, which introduces an orphan work licensing scheme. Both are secondary legislation following from Clause 77(3) of the Enterprise and Regulatory Reform Act 2013 (ERR Act), adopted in April 2013.

93. An account of the use can be followed-up at <https://www.orphanworkslicensing.service.gov.uk/view-register> (accessed 4 Jun. 2015).

94. For an overview of the licensing scheme, see <https://www.gov.uk/copyright-orphan-works> (accessed 4 Jun. 2015).

95. Also Hungary has since 2009 a complementary licencing system for orphan works in place, that grants non-exclusive five years licences allowing for commercial and non-commercial uses but no cross-border use (see Art. 57/A Hungarian Copyright Act). See Peter Mezei, *The New Orphan Works Regulation in Hungary*, 8 *IIC*, 940 (2014).

96. Eleonora Rosati, *The orphan works provisions of the ERR Act: are they compatible with UK and EU laws?*, 35 *EIPR*, 724, 737 ff (2013).

7.3 OUT-OF-COMMERCE WORKS

Out-of-commerce works are works that are no longer available through regular channels of commerce. Hence, facilitating access to this voluminous category of works has been identified as another important issue for cultural heritage institutions seeking to digitize and make Europe's heritage available online.⁹⁷ Orphan works often fall under the category of out-of-commerce works but not all out-of-commerce works are orphan.⁹⁸ The solution in the OWD can therefore not be applied to out-of-commerce works and, as demonstrated above, the Directive is neither intended nor suitable for large-scale rights clearance.

To tackle the issue of out-of-commerce works the Commission encouraged a stakeholders' dialogue.⁹⁹ This led to the signature, by representatives of European libraries and rightholders' organizations¹⁰⁰ of a Memorandum of Understanding on *Key Principles on the Digitisation and Making Available of Out-of-Commerce Works* on 20 September 2011 (the MoU).

7.3.1 THE MOU IN A NUTSHELL¹⁰¹

The aim of the MoU is to encourage *voluntary agreements* based on collective licensing for the use by non-commercial publicly accessible institutions¹⁰² of out-of-commerce books and journals,¹⁰³ contained in their collections and first published in the country of the agreement.¹⁰⁴ The MoU defines a work as out-of-commerce '... when the whole work, in all its

97. De la Durantaye, *supra* n. 13, at 212. Another reason for dealing with this divergent group as a special category may be the fact that there is less economic interest in such works which increases the possibility to negotiate a solution.

98. Compare Jan-Michael Grages, *Verwaiste Werke. Lizenzierung in Abwesenheit des Rechtsinhabers* (Mohr Siebeck 2013), 19.

99. Article 6(b) *Commission Recommendation of 24 August 2006 on the digitisation and online accessibility of cultural material and digital preservation*, OJ L 236/28.

100. The signatories are the European Writers' Council (EWC), the Federation of European Publishers (FEP), the European Publishers' Council (EPC), the International Association of Scientific, Technical and Medical Publishers (STM), the European Bureau of Library, Information and Documentation Associations (EBLIDA), the Conference of European National Librarians (CENL), the Association of European Research Libraries (LIBER), European Visual Artists (EVA), the European Federation of Journalists (EFJ) and the International Federation of Reprographic Rights Organisations (IFRRO). The signing was 'witnessed' by Commissioner Michel Barnier, as a representative from the European Commission.

101. See a more detailed account in Janssens and Tryggvadóttir, *supra* n. 19, at 72–82.

102. This definition includes all the same institutions as the ones mentioned in Art. 1(1) OWD. However, given that the MoU is only dealing with books and journals it is clearly mainly aimed at libraries.

103. As well as works embedded in those, cf. Recital (7) MoU.

104. Recital (1) and Principle 1(1) of the MoU.

versions and manifestations is no longer commercially available in customary channels of commerce ...'. However, it is added that the final determination of 'commercial availability of a work' should be decided in the country of first publication.¹⁰⁵

The MoU sets out three guiding principles for licensing agreements. The *first principle* underlines the voluntary basis of an agreement whereby it is for the contracting parties¹⁰⁶ to decide on, and define how and when, a work is to be deemed out-of-commerce as well as which specific uses, commercial or non-commercial, shall be allowed. The *second principle* sets out the practical framework of agreements and its function. Licenses for use of out-of-commerce works under the framework of the MoU can only be granted by collective management organisations (CMO) representing a substantial number of authors and publishers.¹⁰⁷ The CMO shall be presumed to manage the rights of 'outsiders', i.e., rightholders of out-of-commerce works in the same category who are not member of that CMO. However, in order to benefit from that presumption, the CMO has to 'make its best efforts to alert' the outsiders.¹⁰⁸ Any project based on a MoU licence has to be widely publicized in advance in order to give relevant rightholders an opportunity to opt-out.¹⁰⁹ The *third principle* deals with commercial and cross-border use. If such use is included, the CMO 'may' limit the licence to the use of works of represented rightholders only. If the CMO decides nevertheless to let it apply to outsiders, a procedure should be 'considered' to alert outsiders whose works are 'frequently or intensively' used.

7.3.1.1 Use of the MoU

The MoU has no binding effect on its signatories, let alone on Member States' obligation to legislate. Nevertheless, it has influenced legislation in some EU countries, either directly as in Germany or indirectly as in France

105. See under the sub-heading 'Definition' and Principle 1(2) MoU.

106. It is underlined that rightholders should always be among the contracting parties (Principle 1(1)) and that the term rightholders refers to both authors and publishers (Recital (3)). It should be noted, however, that the latter often do not own the digital exploitation rights to older books. Hence, the MoU may give them an alternative opportunity to regain control as well as income, as is indeed reflected in the French solution (*infra*, para. 30). Compare Franck Macrez, *L'exploitation numérique des livres indisponibles: que reste-t-il du droit d'auteur*, Recueil Dalloz, 10 (22 mars 2012), n° 22.

107. Both categories of rightholders have to be appropriately represented in key decision-making bodies of the CMO, Principle 2(1) in fine.

108. Principle 2(4) MoU.

109. It is not clear whether the opt-out possibility only exists for rightholders that are not members of the relevant CMO. The wording of the relevant Principle 2 (2) and (3) seems to include all rightholders, but some commentators have held that it only applies to non-members, cf. Manon A.A. Oostveen and Lucie Guibault, *Summary report on IPR issues faced by Europeana and its partners* (2013), 10, available at <http://www.europeana-libraries.eu/>.

and the UK. In none of these legislations, though, the licensing system that was set up is limited to the benefit of publicly accessible institutions as the MoU assumes.

The French legislation ‘on the Digital Exploitation of Unavailable Books of the Twentieth Century’ was adopted on 1 March 2012.¹¹⁰ The law imposes the obligation upon the French National Library to create a database of all works published in France before 2001 that are not available in print or digital form.¹¹¹ Everybody can add an unavailable work. The National Library is responsible for renewing the database (list of works) every year. Authors and publishers can opt out at certain stages within a specific timeframe and make the work available themselves.¹¹² However, if they fail to do so or opt-out and then fail to make the work available, a collective management organization specially created for this purpose – Société Française des Intérêts des Auteurs de l’Ecrit (SOFIA) – will be entitled to issue five-year, non-exclusive renewable licences for the reproduction and making available of works that have been in the database for more than six months. Remuneration for the licences will be equitably distributed between the author and the publisher. It is the task of the SOFIA to take appropriate measures to identify and locate rightholders. If no rightholder has been found for a work after it has been ten years in the database, libraries can use the work for non-commercial purposes, royalty free, but only for their subscribers.¹¹³ The project is estimated to eventually cover around 500,000 works.¹¹⁴ However, a reference has recently been made to the Court of Justice as to whether this French legislation is consistent with the InfoSoc directive.¹¹⁵ The outcome of the case will be very interesting for all out-of-commerce projects.

In Germany, the Copyright Administration Act was amended to enable the digitization and making available of out-of-commerce works under

110. Loi n° 2012-287 du 1er mars 2012 relative à l’exploitation numérique des livres indisponibles du XXe siècle. The Act introduced Art. 134-1 to 134-9 into the French Code of Intellectual Property (hereinafter FCIP). See more details and critical analysis in Alexandra Bensamoun, *The French out-of-commerce books law in the light of the European Orphan Works Directive*, QMJIP, 213 (2014); Macrez, *supra* n. 105, at 749; Frédéric Pollaud-Dulian, *Livres indisponibles. Licence légale. Œuvres orphelines. Numérisation. Bibliothèque*, RTD Com., 337 (2012); Christophe Caron, *Ce que dit la loi sur les livres indisponibles*, Comm. Com. Electr., nr. 11, 26 (2012).

111. Article 134-2 FCIP. The database ReLIRE (registre des livres indisponibles en réédition électronique) is available at relire.bnf.fr.

112. This is in accordance with the MoU that puts strong emphasis on the primary right of rightholders to digitize and make available an out-of-commerce work, cf. Recital (6) MoU.

113. Article 134-8 FCIP.

114. <http://www.senat.fr/dossier-legislatif/pp11-054.html>. In October 2013 the list counted 60.000 works and only 2.500 opt-outs had been received, cf. Jane Ginsburg, *Fair Use for Free, or Permitted-but-paid*, Columbia Law and Economics Working Paper No 481, 43 (2014).

115. *Soulier v. Duke*, C-301/15.

certain conditions based on the principles of the MoU.¹¹⁶ The new legislation that came into force on 1 January 2014 stipulates that: (a) if a work¹¹⁷ is published before 1 January 1966 and (b) is in the collection of a publicly accessible cultural heritage institution and (c) is entered into a registry on out-of-commerce works, kept by the German Patent and Trademark Office,¹¹⁸ then it is presumed that the CMO in the relevant field represents outside rightholders for agreements licensing non-commercial uses of such works to all possible third parties.¹¹⁹ This is unless the rightholder has objected to the entry of his work into the registry of out-of-commerce works.¹²⁰ Furthermore the outside rightholder can at any time object to the presumption.¹²¹

The MoU's influence is perhaps the most indirect in the UK legislation.¹²² However, as the solution for books and journals in the MoU is very similar to the Nordic ECL system, it can be claimed that the UK introduction of an ECL option in 2013 was influenced by the MoU.¹²³ The ECL system is not specifically for out-of-commerce works but can be applied to all works, regardless of their commercial availability.¹²⁴ Hence, it can enable cultural heritage institutions to use works that are out-of-commerce in any area. This possibility is, however, dependent on the existence of a representative CMO, i.e., a CMO that represents a significant number of rightholders for the

116. Act of 1 Oct. 2013 'zur Nutzung verwaister und vergriffener Werke und einer weiteren Änderung des Urheberrechtsgesetzes' (BGBl. I 2013, S. 3728 (Nr. 59)), amending das Urheberrechtswahrmehmungsgesetz vom 9. Sep. 1965 (hereinafter 'GCAA'). See more details in Katharina de la Durantaye, *Die Nutzung verwaister und vergriffener Werke – Stellungnahme zu dem Gesetzentwurf der Bundesregierung*, ZUM H. 6, 437 (2013); Nadine Klass, *Die Deutsche Gesetzesnovelle zur 'Nutzung verwaister und vergriffener Werke und einer weiteren Änderung des Urheberrechtsgesetzes' im Kontext der Retrodigitalisierung in Europa*, GRUR-Int., 881 (2013); Elisabeth Niggemann, National Libraries and Copyright in the Digital Age - the German Situation for Orphan Works and Out-of-Print Works, 23 Alexandria: The Journal of National and International Library and Information Issues, 125 (2012).

117. The law defines works as works that have been published in 'books, journals, newspapers, magazines or other writings' (§ 13 (d) Abs.1 Nr.1 GCAA). This provision raises various questions (e.g., availability as eBook); see Armin Talke, *Verwaiste und vergriffene Werke. Kommt das 20. Jahrhundert endlich in die Digitale Bibliothek?*, <http://libreas.eu/ausgabe23/12talke/> (accessed 5 Jun. 2015).

118. Section 13 (d)(4); http://dpma.de/service/e_dienstleistungen/register_vergriffener_werke/index.html.

119. Uses include reproduction and making available, cf. s. 13 (d)(1)-(3) of the GCAA.

120. The rightholder can only object to the entry into the registry six weeks after the event, cf. s. 13d (1) (5) of the GCAA.

121. Section 13 (d)(2) of the GCAA.

122. Copyright and Rights in Performances (Extended Collective Licensing) Regulations 2014, S.I. 2588. This Regulation came into force on 1 Oct. 2014.

123. The suggestion to introduce an ECL-system in the UK was also made in the 2011 Hargreaves Report; Ian Hargreaves, *Digital Opportunity: A Review of Intellectual Property and Growth* (May 2011), 38.

124. Clause 77(3) ERR Act.

particular category of works and uses at stake. Such a CMO can issue a non-exclusive licence that is also binding for non-members. Remuneration is to be collected for all uses and for all rightholders. Rightholders are given the right to opt out of the system at any time.¹²⁵

7.3.1.2 Challenges

The solution contained in the MoU faces several challenges. First, the MoU is only a declaration of intent. It is therefore not binding on Member States and neither does it impose rigorous obligations on the parties to the Memorandum.¹²⁶ Second, it only applies to 'books and journals which have been published for the first time in the country where the Agreement is requested'.¹²⁷ The solution offered in the MoU is not automatically transferable to other types of works,¹²⁸ hence such out-of-commerce works may remain 'on the shelves'. Besides, a large part of out-of-commerce works residing in libraries and archives are unpublished.¹²⁹ Third, although the MoU is not based on the time-consuming and costly principle of diligent search, it is still dependent on steps to verify whether a work is out-of-commerce.¹³⁰ Such a procedure can also be costly and time-consuming,¹³¹ even if it is only with regard to national works.¹³² Finally, however, the main weakness of the MoU solution is its lack of legal certainty. This is acknowledged in Recital (9) stating that legislation might be required to create a legal basis for the presumption of representation as well as in Recital (11) calling on the European Commission to consider legislation necessary to ensure legal certainty in a cross-border context. A European legislative initiative would therefore be useful to achieve a more harmonized approach in national legislation adopted to secure access to out-of-commerce works.

125. IPO, *Factsheet - Orphan Works Licensing Scheme and Extended Collective Licensing* (2014); Dinusha Mendis and Victoria Stobo, *UK: Extended Collective Licensing* (Kluwer, 2014) <<http://kluwercopyrightblog.com/2014/12/03/uk-extended-collective-licensing/#1>> accessed 24 May 2015.

126. Oostveen and Guibault, *supra* n. 109, at 6.

127. Recital (1) of the MoU 2011. It is even unclear whether it includes for example newspapers, cf. European Commission, *Report on the responses to the Public Consultation on the Review of the EU Copyright Rules* (2014), 52.

128. Europa Press Releases, *Memorandum of Understanding (MoU) on Key Principles on the Digitisation and Making Available of Out-of-Commerce Works – Frequently Asked Questions* (MEMO/11/619) (2011).

129. Ronan Deazley and Victoria Stobo, *Archives and Copyright: Risk and Reform CREATE Working Paper No. 3* (March 2013), 48–49, available at <http://www.create.ac.uk/wp-content/uploads/2013/03/CREATE-Working-Paper-No-3-v1.0.pdf>.

130. Principle 1(2) of the MoU.

131. This can, however, be dealt with by setting a certain cut-off date as is done in the German legislation on out-of-commerce works, cf. Janssens and Tryggvadóttir, *supra* n. 19, at 92–93.

132. The MoU is limited to agreements for works first published in the country where the agreement is requested, cf. Recital (1).

7.4 CONCLUSION

The advantage of the MoU approach is the flexibility it offers allowing for sector-specific (licensing) agreements and taking into account different categories of content as well as different users. Although the MoU only applies to books, it can be expected that the principles of the MoU will in a significant way influence future solutions in other fields. However, as observed above, the solution will only be legally secure in Member States which have some sort of legislation acknowledging the presumption effect with regard to outsiders, such as extended collective licence provisions or mandatory collective licensing. Furthermore, in order to achieve legal security of their cross-border effect with regard to the rights of outsiders, there would be a need for European legislation recognizing that effect.¹³³

The OWD, however, is to be applauded for the introduction of the *principle of mutual recognition* which is a significant achievement in EU copyright law.¹³⁴ This principle comprises a workable solution to the difficulties arising from the territorial nature of copyright. Awaiting the somewhat distant possibility of unified copyright law in Europe,¹³⁵ the legislator needs to find legal solutions to overcome legal uncertainty that results from cross-border applications of protected works. The solution in the OWD may serve as an example for solving cross-border issues that are caused by non-harmonized copyright exceptions.¹³⁶

However, the main challenge for cultural heritage institutions when it comes to digital use remains: the sheer *volume of licensing* of in-copyright works,¹³⁷ not just orphan works or out-of-commerce works. More measures to facilitate copyright clearance should be taken. Recourse to (extended) collective licenses, as the MoU solution is based on, to simplify rights clearance should thereby be given special attention as an appropriate means to fill the gap that the OWD has left by not addressing the issue of mass-digitization.¹³⁸ It is interesting to see how the ECL system seems to

133. This seems to be acknowledged by the Commission in its December 2015 Communication, *supra* n. 77, at 5.

134. A similar approach can be found in Art. 5(1) of the recent WIPO Treaty of Marrakesh on the exception for visually-impaired people, that still needs to be ratified by the EU.

135. The Commission proposes that the EU should pursue the long-term vision of a full harmonisation of copyright in the EU, in the form of a single copyright code in their December 2015 Communication, cf. *supra* n. 77, at 12.

136. Triaille, *supra* n. 28, at 398.

137. It is estimated that since 1945 about 100 times as much information has been created as in the whole of human history up to that point, cf. SEC(2006) 1075, *Commission Recommendation on the digitisation and online accessibility of cultural material and digital preservation - Impact assessment*, 13 (2006).

138. Compare *supra*, 7.2.3. See also more details in Janssens and Tryggvadottir, *supra* n. 19, at 82 ff and Allard Ringnalda, *Orphan Works, Mass Right Clearance, and Online Libraries: The Flaws of the Draft Orphan Works Directive and Extended Collective Licensing as a Solution*, 8 *Medien und Recht Int.*, 3 (2011). Compare Recital (40) of the

attract an increasing number of national legislators. In the wake of the Nordic countries with their long tradition, similar systems were not only recently introduced in the UK, France and Germany (*supra*), but are also in effect or considered in other Member States (e.g., Hungary, Slovakia, Poland and the Netherlands).¹³⁹ A further challenge will then be to secure cross-border effect of such systems.¹⁴⁰ European society as a whole should indeed be able to benefit from enhanced access to the collections of cultural heritage institutions. Possibly, the country-of-origin principle adopted in the Satellite Directive,¹⁴¹ could serve as an example.¹⁴²

Despite a clearly voiced acknowledgement of the need for a clear framework and level playing field for institutions promoting access to knowledge in a working document¹⁴³ accompanying the digital single market strategy adopted in May 2015, there was no specific mention of initiatives to bring this about in the strategy itself.¹⁴⁴ In December 2015, the Commission announced that it ‘is assessing options and will consider legislative proposals’ for i.a. ‘[m]aking it easier to digitise out-of-commerce works and make them available, including across the EU’.¹⁴⁵ The outcome of those deliberations will be eagerly awaited by cultural heritage institutions. Until a clear framework and level playing field has been obtained at a European level to secure mass use by cultural heritage institutions, the question ‘are we nearly there yet’ cannot be answered in the affirmative.

Infosoc Directive which advocates that ‘specific contracts or licences should be promoted which, without creating imbalances, favour such establishments [such as publicly accessible libraries and equivalent institutions, as well as archives] and the disseminative purposes they serve’.

139. A proposal for ECLs has been put forward in the USA, cf. United States Copyright Office, *Orphan Works and Mass Digitization* (2015).

140. An interesting solution in this respect, resting on the statutory recognition of a ‘country of origin’ principle, has been proposed by Lucie Guibault, *D5.4. Report on the effectiveness of licensing systems for clearing content for Europeana use*, EC Project ‘Europeana Awareness’, <http://pro.europeana.eu/project/europeana-awareness> (accessed 5 Jun. 2015).

141. Article 1(2)(b).

142. Compare Guibault, *supra* n. 140, at 19 ff.

143. SWD(2015) 100 final, *Commission Staff Working Document: A Digital Single Market Strategy for Europe - Analysis and Evidence, accompanying the document: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions; A Digital Single Market Strategy for Europe*, 30 (2015).

144. COM(2015) 192 final, *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions; A Digital Single Market Strategy for Europe* (2015), adopted 6 May 2015.

145. The December 2015 Communication, cf. *supra* n. 77, at 6.

