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A Introduction

Copyright protection lasts for a long time—anywhere from 50 years to well over a century, depending on the jurisdiction. There is no requirement that copyrights be registered. There is no comprehensive list of who owns particular rights. Consequently, situations arise where a copyright owner cannot be located. That may be because the owner is unknown or because there is no useful contact information available.

The term ‘orphan work’ has been used in the United States and elsewhere ‘to describe the situation where the owner of a copyrighted work cannot be identified and located by someone who wishes to make use of the work in a manner that requires permission of the copyright owner’.1 The Canadian Copyright Act (Copyright Act) refers to ‘owners who cannot be located’.2 The expression ‘unlocatable owners’ is commonly used as a loose translation of the French term titulaire introuvable. The phrase ‘orphan work’ emphasises the status of the work, while ‘unlocatable owner’ focuses on the status of the owner. This article uses both terms, depending on the context.3

Potential users’ inability to find copyright owners has often created difficulties. A would-be user who has no right of fair dealing or other justification for not obtaining the copyright owner’s permission has few options. The user can proceed without permission, infringing copyright. This deprives the owner of compensation, puts the

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2 RSC 1985, c C-42, s 77.
3 Sometimes a copyright owner who is not affiliated with a collective society is called an orphan, but this situation is not to be confused with the problem of unlocatable owners and orphan works.
user at risk of civil and criminal liability and undermines respect for the law. The alternative is to refrain from using the work. This in turn deprives the owner of an opportunity to earn royalties, frustrates the user and could ultimately stifle economic or social progress.

Neither scenario is attractive. Indeed, orphan works are one of the key copyright issues where nearly all stakeholders would agree that a significant policy problem exists. This was demonstrated by the overwhelming response from virtually every interest group typically involved in copyright policy debates to an invitation from the United States Copyright Office for comments on the topic. The Recording Industry Association of America, Lawrence Lessig, Google Inc, the Association of American Publishers and hundreds of other diverse stakeholders all agreed that the problem is real. High-profile reports from the United States (the US Report), United Kingdom (the BSAC Paper) and Europe (the HLEG Reports and the IViR Report) demonstrate that the issue of orphan works has gained global attention. The ability to disseminate massive amounts of information on the Internet which can then easily be traced by copyright owners—thereby giving rise to significant potential liability—has played no small part in fostering the current level of interest in the issue.

However, stakeholders with different perspectives and policymakers in different jurisdictions do not all agree on how to deal with the problem. One option is to reduce the risks of using works without permission by limiting the remedies available to unlocatable copyright owners. Another is an exemption from liability for infringement if a user’s reasonable efforts have failed to locate the owner. Yet another possibility being debated is to deem unlocatable owners to be represented by a collective society, through a system of extended collective licensing. These

4 US Report (n 1) 17.
6 US Report (n 1).
9 US Report (n 1) 126.
10 BSAC Paper (n 7) 37–38.
proposals are in addition to a number of 'soft-law' alternatives, such as encouraging greater voluntary use of ownership registries and databases.\textsuperscript{12}

Several countries, including India, Japan, South Korea, and the UK, have already devised limited methods of dealing with certain aspects of the orphan works issue.\textsuperscript{13} Arguably, Canada has implemented one of the most advanced legislative attempts at addressing the problem. In fact, Hungary has very recently adopted orphan works legislation resembling the Canadian model.\textsuperscript{14} Section 77 of the Copyright Act empowers the Copyright Board of Canada (the Board) to issue a non-exclusive licence to an applicant whose reasonable efforts to locate a copyright owner have been unsuccessful. Although s 77 is relatively straightforward, the wide discretion conferred upon the Board has given rise to a number of legal and practical issues.

The Canadian regime is mentioned in all of the major foreign reports and in some academic commentary outside of Canada, cited throughout this article. Many have raised issues with the regime. The US Report noted that the Canadian system has been criticised as imposing undue administrative burdens, leading to lengthy delays and providing little benefit.\textsuperscript{15} The IViR Report cites similar criticisms about the time and expense associated with applications made to the Board.\textsuperscript{16} The BSAC Paper partially blames the narrow national scope of the Canadian regime and its inapplicability to unpublished works for its limited effectiveness.\textsuperscript{17} Foreign critics also dislike the fact that the Board often requires applicants to pay royalties to a collective society for using orphan works; most of those who mentioned this practice to the US Copyright Office said they 'strongly disfavoured the Canadian approach'.\textsuperscript{18} Others point out positive aspects of the s 77 system, acknowledging that Board involvement helps control the quality of search efforts, and that involving a public authority is a potentially valuable solution.\textsuperscript{19}

Many of those who have examined the Canadian regime misunderstand or oversimplify Canadian law and practice.\textsuperscript{20} This is understandable given

\textsuperscript{12} 2007 HLEG Report (n 8); US Report (n 1) 70–71, 106.
\textsuperscript{13} The systems in these jurisdictions are discussed and cited throughout this article.
\textsuperscript{16} IViR Report (n 8) 187.
\textsuperscript{17} BSAC Paper (n 7) 11.
\textsuperscript{18} US Report (n 1) 114.
\textsuperscript{19} IViR Report (n 8) 187; 2007 HLEG Report (n 8) 9.
the sparse literature on the topic. The focus on orphan works issues is intense and the Canadian regime is distinctive, yet the practices and procedures of the Board in this area have been the subject of little analysis. The lack of attention paid to the Canadian system is consistent with the US Copyright Office’s observation that, in general, ‘very little systematic research of specific problems related to unidentifiable and unlocatable copyright owners had been undertaken.’

Thus, although others are looking at the Canadian experience for guidance, there has been no thorough legal, economic or public policy analysis of the orphan works issue in Canada, or of the way in which Parliament and the Board have dealt with it. It is mentioned briefly in some Canadian textbooks, but otherwise there is no scholarly literature on the point. A 2002 Government of Canada report on the provisions and operation of the Copyright Act identified potential issues with the s 77 licensing system without putting the matter on the reform agenda. Jurisprudentially speaking, this issue is non-existent, other than the Board’s own decisions, which thus far have been made without the benefit of systematic study or comparative analysis.

This article marks the beginning of an analysis of the orphan works problem in Canada. The first step has been to identify, review and analyse every application made to the Board pursuant to s 77, and to catalogue these into an organised database of files. A statistical analysis of the data was undertaken to produce the findings described in this article.

The principal purpose of this article is to describe the process and results of a systematic review of the Board’s decisions. In that context, the article begins with a short legal analysis of the statutory scheme governing the issuance of licences when the copyright owner cannot be located. The legal analysis is complemented by reference to Board decisions relating to particular issues that have arisen thus


22 Laurent Carrière, ‘Unlocatable Copyright Owners: Some Comments on The Licensing Scheme Of Section 77 Of The Canadian Copyright Act’ in Robic-Léger’s Canadian Copyright Act Annotated (Carswell 1993) page number; David Vaver, Copyright Law (Irwin Law 2000) 226; Sunny Handa, Copyright Law in Canada, (Butterworths 2002) 141, 354; Normand Tamaro, Annotated Copyright Act (Thompson Canada 2004) 756–62.
23 ‘Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act’ (Industry Canada 2002) 2632–33 <http://www.ic.gc.ca/eic/site/crp-prda.nsf/eng/rp00863.html> accessed 6 December 2010 (Industry Canada): ‘There are concerns that the in absentia licensing process for unlocatable copyright owners has overburdened the resources of the Copyright Board, and that improvements to the process are needed. At the same time, in absentia licensing applies only to published works or published performances and sound recordings. Consideration could be given to whether the in absentia license should be extended to unpublished material. Unpublished material, especially archival material, may also be of public interest’.
The second part of the article contains the first detailed empirical review and statistical analysis of all Board files dealing with applications made pursuant to s 77.

This article does not explore or recommend possible legislative reforms, nor does it attempt to address or evaluate alternative solutions to the orphan works issue. It does, however, identify broader issues requiring attention, and hopefully establishes a solid foundation on which to engage in further research. Specifically, this article should lay the groundwork for a comparative analysis of the Canadian system with approaches that already exist or are being considered in other jurisdictions, an evaluation of the underlying public policy issues, and a discussion of possible legislative or regulatory responses to the problem.

**B Legal Analysis**

No court has yet addressed legal issues relating specifically to the Canadian orphan works licensing system. As such, a legal analysis must be based upon the application of relevant principles of copyright and administrative law, as well as general rules of statutory interpretation. In addition, the Board has over time developed standard practices based on its own interpretation of the regime. Those practices are reflected in a growing body of decisions, which serve as informal precedents in adjudicating applications before the Board.

**1 Relevant Legislation**

Section 77 of the Copyright Act allows anyone who seeks permission to use a copyright-protected work but cannot locate the copyright owner to apply to the Board for a licence to use that work. Section 77 reads:

| 77. (1) Where, on application to the Board by a person who wishes to obtain a licence to use |
| (a) a published work, |
| (b) a fixation of a performer’s performance, |
| (c) a published sound recording, or |
| (d) a fixation of a communication signal |

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.

(2) A licence issued under subsection (1) is non-exclusive and is subject to such terms and conditions as the Board may establish.

(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.

(4) The Copyright Board may make regulations governing the issuance of licences under subsection (1).
2 The Board’s Jurisdiction

Whereas orphan works systems in some other countries such as Japan\(^24\) and Korea\(^25\) allow government bodies to issue licences, the Canadian system grants this power to an administrative tribunal. Subsection 77(1) confers jurisdiction on the Board to issue a licence to an applicant only in certain circumstances. The language of the statute implies that there are limits on the Board’s jurisdiction. Where certain conditions are not met, the Board has no jurisdiction to issue a licence. Even if the applicable conditions are met, however, the word ‘may’ (peut) suggests that the Board still retains a residual discretion to grant or deny the application. Several relevant points are discussed below.

(a) Works, Performances, Recordings and Signals

When s 77 was enacted in 1988, the Board was granted authority to issue licences for acts provided for under s 3. Section 3 grants the copyright owner the right to produce, reproduce, perform, translate, convert, record, adapt, telecommunicate and exhibit a work in public.\(^26\) In respect of conventional works, s 77 of the Copyright Act could apply to every literary, dramatic, musical and artistic work. That includes ‘every original production in the literary, scientific or artistic domain, whatever may be the mode or form of its expression’.\(^27\) Indeed, the Board has dealt with many applications for the use of architectural plans, photographs, cinematographic and other types of works.

In 1997, the Board’s jurisdiction was broadened so that it now may also issue licences for the acts mentioned in ss 15, 18 and 21.\(^28\) Those sections deal with the rights of performers, sound recording makers and broadcasters respectively. Consequently, the Canadian orphan works regime applies not only to works, strictly defined, but also to performances, sound recordings and communication signals. This makes the Canadian system much broader than those in some other countries, such as the UK, which permit licensing only in respect of orphan performances.\(^29\) The BSAC Paper notes that the British provision is not useful, in part because it applies only to performers’ reproduction but not distribution rights. Apparently, it has been used only twice.\(^30\)

\(^{24}\) Copyright Law of Japan (Japan) art 67.
\(^{25}\) Copyright Law of Korea (Korea) s 47.
\(^{26}\) Copyright Act (n 2) s 3(1).
\(^{27}\) ibid s 2.
\(^{28}\) ibid s 77(1).
\(^{30}\) BSAC Paper (n 7) 8.
Any material that is the subject of an application under s 77 must have been published or fixed. The statute requires that orphan works and sound recordings be ‘published’. For performances and communication signals, the statute requires ‘fixation’.

Some countries, such as India, have established procedures to deal with unpublished orphan works only. The US Report and the BSAC Paper both recommended that a potential response to the orphan works issue include solutions for published and unpublished works. In the US, for example, the Copyright Office felt that drawing distinctions would perpetuate uncertainty rather than ameliorate it, as determining whether a work is published or unpublished can be difficult.

It is arguable that allowing licences in respect of unpublished works could violate the privacy rights of the unlocatable owner. Indeed, some owners have been known to make themselves unlocatable because they highly value their privacy. Whatever the justification, in Canada, the Board has no jurisdiction to issue a licence absent publication or fixation.

Section 2.2 of the Copyright Act defines what constitutes publication. The overarching guideline is that a published work is one that has been made available to the public. However, publication can occur in a variety of different ways, depending on the nature of the material being published. For example, an architectural work (a building or model of a building) is published once constructed. When an artistic work is incorporated into an architectural work, it becomes a published work. An architectural work or sculpture is not, however, published merely by issuing a photograph or engraving of that work.

Publication must also occur with the consent of the copyright owner. Consent might be implied, as in the case of a novel, an article or photograph in a newspaper, or a letter to the editor. But that is not always possible. There have been instances where the Board has refused to issue a licence for the use of a photograph that had been published in a book where it appeared probable that the photographer’s consent had not been obtained.

Fixation is not the same as publication. A fixed performance or communication signal may never have been made available to the public. Since s 77 makes a

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31 Copyright Act 1957 (India) s 31A.
32 US Report (n 1) 100–02; BSAC Paper (n 7) 22.
33 ibid 100.
34 Copyright Act (n 2) s 2.2(1)(a)(ii).
35 ibid s 2.2(1)(a)(iii).
36 ibid s 2.2(2).
distinction between the two requirements, it seems that a performance or communication signal can be the subject of a s 77 licence even if not published. Furthermore, since there is no requirement that the fixation occur with the consent of the copyright owner, an argument could be made that a bootlegged version of a performance can be the subject of a s 77 application.

(c) The Subsistence of Copyright

(i) Economic Rights

The English-language version of the Copyright Act states that the Board may issue a licence for a work, performance, recording or signal in which copyright subsists. By implication, the Board has no jurisdiction to issue a licence for the use of material not protected by copyright. There are several instances where this limitation might be relevant.

Section 77 does not apply to unoriginal works. To be protected by copyright, an author must exercise ‘skill and judgment’. Exercising ‘skill and judgment’ is defined as ‘the use of one’s knowledge, developed aptitude or practised ability in producing the work’ and ‘the use of one’s capacity for discernment or ability to form an opinion or evaluation by comparing different possible options in producing the work’. Works that do not meet the threshold for copyright protection are not protected by copyright and therefore, are implicitly excluded from the orphan works regime. It is worth noting that the issue of originality may arise more frequently in an environment of digital technology than it has in the past.

Similarly, the Board cannot issue a licence for the use of works for which copyright protection has expired. The rules that govern the term of copyright protection vary depending on the nature of the author and/or work in question. The general rule in Canada is that copyright in a work subsists for 50 years following the year of the author’s death. Performances, sound recordings and communication signals are protected for 50 years following the year in which a performance is performed or fixed in a sound recording, during which a recording is fixed, or during which the communication signal is broadcast. There are also special provisions governing photographs and cinematographic works, posthumously published works, works of joint authorship and anonymous or pseudonymous works that may be relevant to the Board’s jurisdiction. In short,

38 CCH Canadian Ltd v Law Society of Upper Canada 2004 SCC 13, [2004] 1 SCR 339 (Supreme Court of Canada) [16].
39 Copyright Act (n 2) s 6.
40 ibid s 23(1).
41 ibid ss 10 and 11.
42 ibid s 7.
43 ibid ss 7 and 9.
44 ibid ss 7 and 6.2.
once an orphan work enters the public domain, the Board loses the power to issue a licence under s 77.

The requirement that copyright subsist in material that may be the subject of a s 77 application is a sensible, indeed self-evident, limitation on the Board’s jurisdiction. Where an orphan work is unoriginal or in the public domain, it can be used without anyone’s permission. An unoriginal work has no copyright and public domain materials have no owner. A licence from the Board would be conceptually incompatible with such circumstances. Moreover, it would be a waste of scarce Board resources to consider applications where no licence is necessary.

On the other hand, it may be argued that there are compelling reasons why the Board ought to consider issuing licences in circumstances where it is not possible to determine with certainty whether copyright protection exists, despite the risk that it lacks jurisdiction to do so. Issues of originality are contextual and sometimes ambiguous. Similarly, it will often be difficult for an applicant to know whether or not a work is in the public domain. If both the identity of the author and the date of her death are known, it is possible to deduce when the work will join the public domain. If not—a common problem with orphan works—it may be impossible to identify the period during which copyright subsisted or subsists. In such cases, too strict an interpretation of the Board’s jurisdiction could exacerbate the problem that the orphan works regime was designed to address by further frustrating prospective users. Under such circumstances, when it is not possible to determine whether a copyright subject matter is still protected, it would seem reasonable to issue a licence that will be valid if the work is not in the public domain, so as to allow the applicant to pursue the intended use with peace of mind. This appears to be the practice the Board has followed to date.45

Though the Board has no jurisdiction to issue a licence for the use of material not protected by copyright, it is a slightly different question whether or not the Board may issue a licence for a non-infringing use of copyright-protected material. For example, may the Board issue a licence for the use of an insubstantial part of a work?

Section 77 empowers the Board to grant a licence only in respect of ‘an act mentioned in sections 3, 15, 18 or 21’. Each of these provisions alludes to the concept of substantiality. Copyright owners only have the right to control the use of substantial parts of the work, performance, recording or signal. The use of insubstantial parts is not an act mentioned in ss 3, 15, 18 or 21. By implication, the Board has no jurisdiction to issue licences in respect of such uses. In fact, the Board has in the past dismissed applications on the ground that it believed the proposed

use was not for a substantial part of the work in question. Similarly, the Board cannot issue a licence for the private performance of a work, since s 3 of the Act only protects public performances. The same arguments mentioned above for and against issuing a licence are applicable in circumstances where the public or private character of the performance is uncertain.

Another related but distinct question is whether the Board may issue a licence when the applicant already benefits from a user right. For instance, may the Board licence a fair dealing, thus buttressing protection from copyright liability? What about uses that fall within the exemptions for educational institutions or libraries, archives or museums, or the right to make private copies of sound recordings or backups of computer programs? In these cases, unlike situations involving insubstantiality, it would seem that there is no technical statutory limit on the Board’s jurisdiction to issue a licence. As such, any refusal by the Board to grant an application might have to be justified as an exercise of its residual discretion. Factors that might influence the Board in this exercise are discussed below. In effect, the Board has over time developed a policy that it will not issue a licence where clearly none is needed.

One further point warrants discussion here. The Copyright Act sets out a number of activities that constitute an infringement of copyright but are not acts mentioned in ss 3, 15, 18 or 21. For example, sub-s 27(2) makes it a secondary infringement of copyright to knowingly sell, rent, distribute, exhibit or import infringing materials. Since the Board’s jurisdiction is expressly limited to issuing licences for acts mentioned in ss 3, 15, 18 or 21, it would seem that the Board is unable to issue a s 77 licence for these secondary activities.

It can be argued, then, that the Board cannot issue a licence that authorises such activities, though it has occasionally done so in the past. However, the limit to the Board’s jurisdiction is not a major problem. In practice, the Board will, in response to an application concerning activities mentioned in sub-s 27(2), issue a licence for the underlying act mentioned in ss 3, 15, 18 or 21. The applicant is then able to carry out the acts mentioned in sub-s 27(2), as in such a case there would be no primary infringement on which to base a finding of secondary infringement.

(ii) Moral Rights

The issue of moral rights, on the other hand, poses a more serious jurisdictional problem. Section 14.1 of the Copyright Act grants moral rights to the author of a

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47 Copyright Act (n 2) ss 29–29.2.
48 ibid ss 29.4–30.
49 ibid ss 30.1–30.5.
50 ibid s 80.
51 ibid s 30.6.
52 See, eg, ‘Re Goose Lane Editions’ (n 45).
work, including the rights to maintain the work's integrity and to be identified as the work's author. The author is often not the copyright owner, for example where a work is created in the scope of employment or where copyright has been assigned. Though moral rights cannot be assigned, they can be waived or bequeathed by will. An assignment of copyright does not alone constitute a waiver of moral rights.

Respecting, or obtaining a waiver of, moral rights can be even more difficult than dealing with economic rights, given the added challenge of identifying and locating the orphan work's author as well as its copyright owner. Moral rights issues are therefore a serious part of the overall orphan works problem.

Section 77, however, pertains only to the rights of copyright owners, not authors. The fact that the title of the regime mentions 'owners who cannot be located' (titulaires introuvables), rather than orphan works, underscores the point that the emphasis is on copyright owners, not works or their authors. Moreover, to reiterate, the Board only has jurisdiction to issue licences in respect of acts mentioned in ss 3, 15, 18 or 21. The Board has no apparent ability to deal (at least not directly) with the moral rights of authors, which are established by s 14.1 of the Copyright Act.

Despite the absence of an express reference to authors' moral rights in s 77, an argument might be made that a purposive interpretation of the statute requires that the Board have jurisdiction to address moral rights issues. If the Board is empowered only to deal with economic rights, s 77 is at best a partial solution to the inability to deal in orphan works. Whether Parliament intended to create what, to some, would be an incomplete system to address only part of the orphan works problem, or intentionally addressed only economic and not moral rights, remains an open issue.

Reports in other jurisdictions refer to moral rights in the context of orphan works. It is indicative of the difficulty of dealing with moral rights in orphan works that in the hundreds of comments received by the US Copyright Office, 'no helpful suggestions were made as to how to solve this problem'. The UK BSAC Paper, however, recommends that any licence granted on behalf of an unlocatable owner require an attribution of authorship of the work, if known. Moreover, it cautions that a potential system for clearing owners' economic rights should not purport to address authors' moral rights of integrity.

It is unclear to what extent the Board may consider an author's moral rights when exercising discretion in respect of an application to use an orphan work or in deciding the terms of an eventual licence. If the regime is intended to focus on unlocatable owners, it is arguable that moral rights are an irrelevant consideration.

53 Sections 28.1 and 28.2 of the Copyright Act (n 2) address infringement of moral rights.
54 ibid s 13.
55 ibid ss 14.1(3), 14.2(2).
56 ibid s 14.1(4).
57 US Report (n 1) 89.
58 BSAC Paper (n 7) 30.
59 ibid 31.
which the Board should not take into account when making its decision. However, in at least one instance, an application was withdrawn after the applicant was informed that the Board would not issue the licence unless the work was reprinted without any modifications. Moreover, it is common for the Board to require, as part of the terms of a licence, that a licensee make proper bibliographical references in her use of the work. These points will be explored further in discussions of the Board’s discretion.

(d) Reasonable Efforts

Before the Board may grant an application for a licence, s 77 requires that the Board satisfy itself that the applicant has made reasonable efforts to locate the copyright owner and that the copyright owner cannot be located.

It is worth highlighting the fact that the copyright owner may be unknown and yet be locatable. For example, a dispute over ownership may exist among a limited number of known parties each claiming to be the (or a) copyright owner. In such cases, the owner(s) is (are) locatable, but are undetermined. Under this scenario, the Board has concluded that it has no jurisdiction to issue a licence. Its role is to intervene where the owner cannot be located, not to adjudicate ownership disputes among competing claimants.

It is also noteworthy that the Board has no jurisdiction to issue a licence where the copyright owner has been located, but has not responded to a request for a licence or insisted on terms that are unacceptable to a licensee. These are not orphan works problems. The Board may only issue a licence pursuant to s 77 if the owner is actually unlocatable.

One interpretation of s 77 would treat questions about the applicant’s search as separate from questions about the locatability of the copyright owner. Though such an interpretation is grammatically plausible, it seems more sensible to collapse these related enquiries. Thus, the Board may treat an owner as unlocatable if the applicant’s reasonable efforts to find that owner were unsuccessful.

By limiting the efforts that must be made before applying for a licence to what is ‘reasonable’, Parliament indicated that applicants are not required to take every step possible to locate a copyright owner. Section 77 grants the Board significant leeway to decide what constitute ‘reasonable’ efforts. The provision contains no

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60 Internal file 2002-UO/TI-01.
62 The potential user’s way out is then to obtain permission from all those who claim to share in the copyright and hold the funds in escrow until the dispute is resolved. See Copyright Board Canada, ‘Re National Film Board of Canada’ (13 September 2005) 2005-UO/TI-34 <http://www.cb-cda.gc.ca/unlocatable-introuvables/other-auteur/3-b.pdf> accessed 23 November 2010. This is precisely how most collective societies act when disputes arise over royalty distributions.
63 Copyright Act (n 2).
specified criteria for the Board to consider, and the Board has not established formal regulations.

Similar concepts exist under laws in force or proposed in other jurisdictions. The BSAC Paper points out several provisions of UK copyright law that mention the need for a ‘reasonable inquiry’, but rejects that test as not demanding enough for users of orphan works. At the same time, it expresses concern that too onerous a standard could unduly burden users with non-commercial purposes and few resources. In the end, the paper proposes a test of ‘best endeavours’, a phrase with a history of judicial interpretation that can be used as guidance. The US Report refers to the possibility of requiring users of orphan works to conduct a ‘reasonably diligent search’ before their potential liability is limited. A Bill based on the US Report elaborated on this requirement in some detail, although it never became law.

In addition to a reasonably diligent search, the US Copyright Office recommended that users be required to demonstrate ‘good faith’ to take advantage of a proposed limitation-on-remedies provision for orphan works. The Canadian regime does not reference bona or mala fides. Presumably, however, an applicant’s intentions will affect the quality, and therefore the reasonableness, of her search. If not, the Board can probably consider questions of bad faith in the context of its residual discretion to deny applications.

As discussed below, the Board has power to make formal regulations imposing standard search requirements for applicants. It has not yet done so, primarily because of the benefits of retaining a flexible approach that is adaptable to the diverse circumstances in which orphan works problems arise.

In the absence of formal regulations, informal standards have emerged by which the Board may judge an applicant’s search efforts. The Board evaluates the adequacy of the search on a case-by-case basis, and the required efforts depend heavily on the circumstances. The US Report referenced numerous factors suggested by commentators, many of which the Board considers as a matter of course in the context of s 77 applications. Some relevant factors relate to the nature of the applicant. For example, it matters whether the applicant is an individual, a commercial entity or a not-for-profit organisation. The applicant’s proposed use may also be material. Thus, whether the application is for a commercial or non-commercial use may influence the Board’s assessment of whether a search was reasonable in the circumstances.

Other considerations relate to the nature of the work and information about its owner. It might matter whether the work itself identifies an owner. For example,

64 BSAC Paper (n 7) 25.
65 ibid 26.
66 ibid.
67 US Report (n 1) 96.
69 US Report (n 1) 98.
70 ibid 77-9, 99-108.
a book is likely to contain information about initial authorship and copyright ownership whereas a photograph is less likely to do so. Additional factors could include whether or not the work’s author is still living or the corporate owner still exists, or whether information about ownership might be found in publicly available records.

There are several things a potential user could do to demonstrate that she has made reasonable efforts to locate a copyright owner. The Board generally expects an applicant to have consulted most of the repertoires of copyright licensing agencies and collective societies, as well as national libraries’ indices, copyright offices’ registration records, publishing houses and corporate records. Comments made to the US Copyright Office indicated that users sometimes search on the internet, in old phone books and through death certificates and estate records. An applicant will be required to extend the search beyond Canadian borders if it is probable that the owner of the copyright may be located abroad.

Previously, applicants were required to file an affidavit setting out precisely all of the steps undertaken to locate the copyright owner, in addition to other supporting documents. The Board has now abandoned that practice.

The US Report and the BSAC Paper raised the issue of whether a user ought to be able to rely on other people’s previous searches to demonstrate that a copyright owner is unlocatable. The BSAC recommended that users be required to demonstrate independently that reasonable search efforts have been made in that user’s particular circumstances. The US Report suggested that each user should conduct a search, though it may be reasonable in some circumstances to rely in part on others’ efforts. The Board’s practice has been to permit an applicant to rely on updates to previous searches to demonstrate that reasonable efforts to locate a copyright owner have been unsuccessful. The BSAC flagged this concern as applicable to downstream uses of works that incorporate underlying orphan works, such as a film. The Board has not yet dealt with an application where this problem has arisen.

Some prospective users of orphan works might complain that the Board’s requirements are overly onerous, and that the standard of reasonableness ought to be lowered. The attitude of the BSAC toward such sentiments has been that an orphan works system should not necessarily be quick and cheap to use. The BSAC Paper observes that negotiations over copyright issues often take time and involve

71 Indeed, issues relating to authorship and copyright ownership as they relate to photographs have plagued many efforts to determine what the appropriate way to look for the copyright owner is. Eg the ‘author’ of publicity shots of singers from the 1950s and 1960s may just as easily be the photographer, the label, the artist or her manager. Furthermore, determining whether the ‘author’ is a natural person, a corporation controlled by a photographer or another corporation will determine the duration of copyright.

72 US Report (n 1) 29.

73 The US Copyright Office called this practice ‘piggybacking’: ibid 78.

74 BSAC Paper (n 7) 27.

75 US Report (n 1) 9, 79.

76 BSAC Paper (n 7) 28.
costs. This is the harsh reality of copyright law. Nevertheless, a system of licensing orphan works that is too cumbersome is not likely to be used. In that respect, the Board has apparently attempted to steer a middle course; although in instances involving substantial uses of clearly protected works, the Board has tended to be more demanding.

The Board has not published a list of ‘best practices’ for searches in particular contexts, or actively encouraged others to do so. Its publicly available brochure, however, does suggest several steps a potential applicant should take before contacting the Board. It is conceivable that creating and promoting best practices could reduce the amount of time and resources the Board currently spends walking applicants through possible search procedures, liaising with collective societies or performing aspects of searches itself. The US Report notes that several commentators had indicated that guidelines would be helpful, and recommends that user and owner groups collaborate to develop them. Efforts are already underway, for example between international publishers and librarians.

(e) Residual Discretion to Grant/Deny Applications

Section 77 states that the Board ‘may’ issue a licence once the requirements set out in the provision have been satisfied. By conferring a discretionary power to issue a licence, this provision implicitly authorises the Board to reject an application. Pursuant to principles of administrative law, the Board’s discretion to grant or deny applications must be exercised reasonably. An applicant must normally satisfy the Board on the balance of probabilities that an application has complied with the statutory requirements. That being said, rules of evidence apply differently to administrative tribunals such as the Board. Thus, the Board has been flexible with the kinds of evidence accepted to support applications, for example, where no direct proof of publication existed or where subsistence of copyright was uncertain.

77 ibid 29.
79 US Report (n 1) 79, 110.
81 BakenvCanada (Minister of Citizenship and Immigration) [1999] 2 SCR 817 (Supreme Court of Canada) [33]. See also Marie-Helene Blais and others, Standards of Review of Federal Administrative Tribunals (3rd edn, LexisNexis 2007) chs 1, 9.
82 Re Canadian Centre for Architecture (n 37); Re Office of the Lieutenant Governor of Quebec (n 37).
In terms of procedural issues more generally, the Board is not bound by the formal rules of any court. This principle governing administrative tribunals is, however, ‘subject to the proviso that they comply with the rules of fairness and, where they exercise judicial or quasi-judicial functions, the rules of natural justice’. The Board has not adopted formal rules of procedure in respect of any of its missions. Its Model Directive on Procedure is designed to deal with the examination of proposed tariffs, not applications under s 77.

Subsection 77(4), which came into force nearly a decade after s 77 was originally enacted, confers upon the Board the authority to make regulations governing the issuance of licences. The Board has never availed itself of this authority. Most people who provided comments for the US Report opposed the US Copyright Office issuing rules related to search criteria, because doing so might limit flexibility in special circumstances. On the other hand, regulations might make the process more transparent and predictable. Thus, there is a trade-off between consistency and predictability on the one hand and flexibility and fairness on the other.

As a middle ground, the Board has adopted several overarching policies when deciding whether to issue a licence, and if so, on what terms. One such policy is to approach its role as akin to stepping into the shoes of the unlocatable owner. Because it is impossible to determine exactly what the owner’s wishes are, the Board bases its decisions on the conduct of other similarly situated copyright owners or general market practices. Presumably this reflects the owner’s most probable course of action. The Board therefore attempts to act as it believes the copyright owner would in issuing licences and determining related terms and conditions.

This is not the only way that the Board could approach s 77 applications. Rather than acting on behalf of the unlocatable copyright owner, the Board could instead adopt a neutral position in adjudicating applications, similar to the approach of a court of law in an ex parte matter. When a court of law considers a matter ex parte, the court’s role is not to represent the absent party. A court in such circumstances takes special account of possible prejudices to the unrepresented party, but does not step into that party’s shoes.

In effect, however, the Board does not blindly attempt to reflect the absent copyright owner’s wishes. For example, the Board has stated that it ‘should not issue a licence for a purpose that is repugnant to modern Canadian society, even

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84 Prassad v Canada (Minister of Employment and Immigration) [1989] 1 SCR 560 (Supreme Court of Canada) 569.
86 US Report (n 1) 10.
if the author was known to support such a purpose; this would disregard public interest objectives that the Board always should keep in mind.  

3 Discretion to Set Licence Terms and Conditions

If the Board decides to grant an application for a licence, it must then also decide on the appropriate terms and conditions for that licence. The terms and conditions are set at the Board’s discretion, although there are several constraints imposed by both the Copyright Act and general legal principles.

For example, sub-s 77(2) provides that the Board may only issue non-exclusive licences. This restriction appears to fulfill two purposes: it accounts for the possibility that the unlocatable owner may have issued (or may later issue) a licence to another user; and it prevents the Board from granting what would amount to a monopoly on the use of a particular orphan work.

There are also external limitations on the Board’s discretion to set the terms of a licence. Principles of administrative law require the Board to act fairly, provide an opportunity to be heard, and give reasons for its decisions. As long as the Board complies with these procedural and substantive requirements, it may impose reasonable terms and conditions as it sees fit.

In setting the terms and conditions of a licence, the Board will take various factors into account. Relevant considerations may include the number of copies requested, the level of expected profit, the proposed use as well as the nature of the applicant. With the above factors in mind, the Board proceeds on a case-by-case basis in determining licence terms.

(a) Territoriality

Section 77 does not state whether the Board is able to issue effective licences for acts that occur outside Canada. In practice, however, the Board has always assumed that it cannot. Every licence states that ‘[t]he licence is . . . valid only in Canada. For other countries, it is the law of that country that applies.’ This approach corresponds to the manner in which the Board has interpreted its power to set tariffs. It is also consistent with the presumption against extraterritorial applicability of Canadian legislation.

The Supreme Court of Canada has held that the Board has jurisdiction to approve tariffs covering persons or activities that have a ‘real and substantial

88 Copyright Board of Canada, ‘Re Breakthrough Films & Television’ (6 March 2006) 2004-UO/TI-33, 13  <http://www.cb-cda.gc.ca/unlocatable-introuvables/licences/156r-b.pdf> accessed 24 November 2010. This statement appears to reflect the overall approach of the Board, even though it was made in a minority opinion.

89 David Phillip Jones and Anne S de Villars, Principles of Administrative Law (4th edn, Thomson Carswell 2004); Sara Blake, Administrative Law in Canada (4th edn, LexisNexis Canada Inc 2006). Licence terms are generally agreed to in advance; as a result, there is no prejudice to the applicant in not issuing reasons. Since June 1998 the Board issues reasons only where required, such as when an application is denied.
connection' to Canada. There is no reason why the Court's ruling would not apply to a licence issued pursuant to s 77. Thus, the Board has been of the view that it may issue a licence to use in Canada an orphan work owned by an unlocatable foreign national.

Whether a licence issued by the Board would be recognised in a foreign country however, is another matter. Even if the Board purported to authorise acts done outside Canada, a foreign court may not recognise the licence from the Board. This would depend on the rules of private international law applicable in the foreign jurisdiction. It is not certain that a licence granted by the Board would be unenforceable. A foreign court could conceivably recognise its validity and enforce its terms, although full legal analysis of that point is beyond the scope of this article.

(b) Duration

Section 77 does not specify that the Board must establish a specific date at which the licence will expire. However, sub-s 77(3) uses the expiration of the term of the non-exclusive licence as the starting point of the five-year limitation period for a copyright owner to recover royalties. It is implicit, therefore, that the Board must indicate a period of duration for the licence, and the Board has made it standard practice to do so.

In cases that involve a specific, physical act (eg reproduction), the duration of the licence is usually determined on the basis of an estimate of the time the applicant will require to accomplish the copyright-protected act or acts. The same will be true if general practice in that market is to issue time-limited licences. The applicant who wishes to continue to use the work will be asked to make a further application. By contrast, in markets where the general practice is to issue licences in perpetuity (eg audio-visual works), or in situations where multiple protected uses will take place over time (eg broadcasting), the Board will sometimes issue licences that expire when the work enters the public domain, whether or not that date can be determined. What is important here is not that the date of expiration of the licence be known immediately, but that it may be determinable. Of course, even


if the licensee intends to use the protected work after it has entered the public domain, no licence will be required and the Board has chosen not to unnecessarily extend the term beyond that date.\(^9\)

A subsidiary issue relates to the continuing effectiveness of a s 77 licence after a previously unlocatable owner has come forward. The owner might wish that the licensee stop using the work. In Canada, however, the owner is only entitled to the payment of the royalties set in the licence. The US Report contemplates a limitation on available injunctive relief in situations where it is not practical for the user to cease use.\(^9\) Examples mentioned in the BSAC Paper include circumstances where an orphan work is incorporated into a derivative work, or where a large number of books have been printed but not yet sold.\(^9\) While the Board has never provided in a licence that the copyright owner would be entitled to terminate it, the issue is currently under examination. Some of the institutions that have approached Board staff with projects requiring mass copyright clearance may wish to include in any eventual licence the right for the copyright owner to terminate licences under certain conditions.

(c) Interim Licences

Section 66.51 of the Copyright Act provides that the Board may, on application, issue interim decisions. In the past, the Board has issued interim licences to meet the needs of the applicant while ensuring the protection of the unlocatable copyright owner’s rights. For example, the Board has taken the view that the wording of sub-s 70.7(2) of the Copyright Act is ‘wide enough to allow the Board to address the situation promptly, while reserving its final decision on some of the details raised by the application’.\(^9\) Based on this interpretation, the Board issued a licence for the reproduction of fifteen magazine covers in a calendar which was to be distributed free of charge to persons who renewed their subscription to a magazine. The licence was accompanied by a set of interim conditions, allowing the applicant to go to press with its calendar in a timely fashion.\(^9\) The Board adopted this solution because the applicant needed to obtain a licence immediately, but the application raised a number of difficult legal issues. There have been several other instances where such licences have been granted.\(^9\)


95 US Report (n 1) 119.

96 BSAC Paper (n 7) 33.


98 ibid.

(d) Retroactivity

One of the controversies arising from s 77 applications is the issue of retroactive licences. The Board has often concluded that it may issue licences covering acts that have already taken place. However, whether the Board should do so is a separate question. Should the Board immunise applicants from liability for past infringements, or require applicants to seek licences prior to carrying out the would-be infringing act? Valid arguments for and against both positions were presented in an application that resulted in a divided decision.

The majority of Board members saw no problem in issuing a licence to a film production company that sought permission to narrate extracts from a copyright-protected book in a historical documentary. Permission was sought after the extracts were reproduced, but before the documentary was broadcast. There was no reason to suspect that the copyright owner, if located, would have objected to this.

A minority of Board members also acknowledged that, in practice, copyright owners frequently sanction past uses of their works, and that retroactive licences can promote certainty as well as respect for copyright principles. Yet they would not have issued a retroactive licence in that instance. Most importantly, they did not want s 77 to be perceived as an insurance policy to cover the risk of liability after infringements have occurred, thus depriving copyright owners of their significant legal recourses should they eventually come forward. Instead, they wanted to encourage business models with proactive rights clearance processes.

(e) Price & Payment

Although each licence granted by the Board sets a price for the permitted use, not all licences require that the licensee pay a royalty up front. Where such a payment is required, it becomes necessary to establish who should collect the royalties, as well as how the royalties should be administered and potentially distributed. These points are discussed in order below.

The first issue is whether a licensee ought always to be required to pay royalties. The US Report and the BSAC Paper both contemplate that in appropriate circumstances, a reasonable royalty for using an orphan work might be zero. The Board has rejected this approach. Yet the purpose for which the applicant wishes to make use of the work, whether commercial, educational or religious, is sometimes—but not always—material. It may lead the Board to set the amount of royalties at a

also 'Re Goose Lane Editions' (n 45) where the Board authorised the reprinting of a photograph from a book.

100 Carrière (n 22).
101 ‘Re Breakthrough Films & Television’ (n 88).
102 US Report (n 1) 12–13; BSAC Paper (n 7) 32.
nominal amount,\(^\text{103}\) or, as we will discuss below, to not require that royalties be paid in advance. Nonetheless, it could be argued that it may be reasonable, for example, to impose no royalty payments for licences issued to charitable organisations, libraries, museums, educational institutions or individuals, or even other entities whose proposed use is for non-commercial purposes. It would be difficult to make the same argument with respect to commercial uses, for which the Board attempts to set royalties at market rates.

There are various considerations that might be taken into account in establishing a reasonable royalty rate. The Board often asks collective societies for up-to-date information on the price they charge to licence their own repertoire for proposed uses of particular types of works. In markets where collective administration does not exist, it is often possible to determine a generally recognised market practice. In that respect, the BSAC Paper suggested a number of additional factors that might be relevant to establishing a reasonable royalty, such as the extent to which additional permanent copies of the orphan work have been made available to the public and the period of time over which the use has taken place.

The BSAC Paper and the US Report also suggested that the royalty, if appropriate, be agreed upon by negotiations between the owner and user. This arrangement is only possible if, as recommended in those documents, the payment of royalties is contingent upon the emergence of a copyright owner. Such an approach would be incompatible with the Canadian regime, where the licence is necessarily issued before the owner emerges, and the Board is required to set the royalty, thus leaving no scope for \textit{ex post facto} negotiations.

It may be argued that allowing a licensee to make a contingent payment may seem like an unjust enrichment on the part of the user if no owner eventually emerges, particularly in the context of commercial uses. Nonetheless, the BSAC Paper suggested that this would be the simplest and best approach in the UK.\(^\text{104}\) The US Report and its corresponding Bill also required a user to pay a reasonable amount for the use of the work only in the event that a previously unlocatable copyright owner emerged to claim royalties.

On occasion, the Board has weighed various considerations to conclude that a contingent royalty payment would be appropriate. The best illustration of this is the licences that the Board issued to the Canadian Institute for Historical Microreproductions, an organisation established to preserve and distribute early

\(^\text{103}\) Often, the amount is suggested by a collective society which itself charges less for certain uses. In other cases, the underlying purpose of the licence may influence the Board's own determination of the fee. See Copyright Board of Canada, 'Re Royal Canadian Artillery Museum' (14 June 1991) 1991-UO/TO-9 <http://www.cb-cda.gc.ca/unlocatable-introuvables/licences/4-b.pdf> accessed 5 December 2010; 'Re Aylmer United Church' (n 92) 3. See also Copyright Board of Canada, 'Re Canadian Institute for Historical Micro-reproduction' (18 September 1996) 1993-UO/TO-5 <http://www.cb-cda.gc.ca/unlocatable-introuvables/licences/27-b.pdf> accessed 5 December 2010, and subsequent decisions dealing with the same applicant.

\(^\text{104}\) BSAC Paper (n 7) 28.
printed Canadian materials on microfiche. Over a period of 4 years the Board issued to the Institute eleven licences authorising the reproduction of 6,675 Canadian works published between 1900 and 1920. Many of the works were still clearly protected by copyright. Often, however, this was impossible to determine. The Board considered, among other factors, the nature of the intended use, the fact that no copyright owner would probably surface and the fact that almost all copyright owners who had been contacted had authorised the reproduction without asking for any money. In the end, and notwithstanding the objections of the relevant collective society in this regard, the licence did not require the payment of royalties to a collective, and set the contingent payment at only 10 cents per work, per copy.

If, however, _ex ante_ payments are required in the absence of a known and locatable copyright owner, questions will arise about who, if anyone, should receive and hold the payment. Obviously, an unlocatable copyright owner is unable to receive royalties from a licensee.

One option would be to establish an escrow account where funds are held on behalf of the owner. According to the US Report, an escrow requirement would be ‘highly inefficient’, and ‘would not in most cases actually facilitate payments between owners and users of orphan works’. The Board’s experience confirms that this approach is impracticable because it is too costly. Early Board licences required first the applicant, and then the collectives, to hold funds in trust, a practice that was eventually abandoned. Nor is it feasible for the Board to hold funds itself, as it is not currently empowered to do so.

Instead, the Board often requires licensees to pay royalties to collective societies immediately upon the issuance of a licence. In the past, the designated collective society was required to hold the royalties in trust for the benefit of the unlocatable owner for a period of five years after the expiry of the licence, that is, the time during which an owner may come forward to claim an entitlement under the terms of the licence from the Board. After the expiration of the five-year period, the collective society was allowed to use the funds for whatever purpose it chose. However, that practice was seen as too demanding for the sums involved. It was instead decided to allow collective societies to use the unlocatable owners’ royalties as they saw fit from the outset, as long as the collective undertook to compensate the owner if it became necessary.

Indications are that different collective societies have different practices. None maintain trust accounts; most maintain reserves. Some, including Access Copyright, will pay the copyright owner even if she makes a claim after the expiry of the period set in the Copyright Act.

The practice of engaging collective societies in the licensing process under s 77 is controversial, and has been the subject of specific complaints to the

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105 Copyright Act (n 2) s 7.
106 US Report (n 1) 11, 114.
Board. Professor Vaver calls it 'questionable', pointing out that the Board cannot require charitable donations as a condition of a licence to use an orphan work, and that allowing collectives to confiscate royalties is even less plausible.

Of those who addressed the issue of royalty payments in the context of the US Report, some supported having unclaimed fees escheat to the agency administering the fees. Others argued that the money should go to organisations that support artists in the same field as the orphan work, and still others felt that the fees should be returned to the user. All of those comments assumed that a royalty payment would be imposed absent the copyright owner, a proposal that the US Copyright Office ultimately rejected.

From a legal perspective, any authority on the part of the Board to require payments to collective societies, which may then do what they wish with the money, must necessarily stem from sub-s 77(3) of the Copyright Act, which empowers the Board to set the terms and conditions of a licence. In the context of certifying tariffs, the Federal Court of Appeal has interpreted the Board's power to determine the appropriate terms and conditions widely. In exercising its powers pursuant to s 77, the Board has chosen to apply general principles from the law of trusts, including the equitable concept of cy-près. That is, when it becomes impossible, impracticable or illegal to carry out the purpose of a charitable trust, a court, instead of setting aside the trust, may order that the property be used for a purpose that is as close as possible to the use intended by the settlor of the trust. This doctrine has sometimes been used to deal with class action lawsuit settlement funds if persons entitled to receive payment do not come forward.

The maxim delegatus non potest delegare captures the idea that a tribunal itself must make all decisions it is empowered by statute to make. It may be argued that the Copyright Act empowers the Board to grant licences and to set the corresponding terms and conditions, but not to delegate these powers, whether by regulation, agreement or otherwise. Consequently, the argument goes, the Board cannot defer to the opinions or approval of anyone else, let alone permit anyone else to make direct decisions concerning applications under s 77.

However, it is also arguable that the allocation of responsibility for collection and distribution of royalties is not a delegation of any decision-making power. The Board alone makes all the decisions, and it is permitted to engage collective societies and other experts in the licensing process. The fact that, under the

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107 Email from Wallace MacLean to the Copyright Board of Canada (26 February 2006) (on file with authors).
108 Vaver (n 22).
109 US Report (n 1) 85.
112 Class Actions in Canada, [18–200] (June 2006). The cy-près approach was built into the Québec class action regime from its inception in 1978.
113 Blake (n 89) 137.
Copyright Act, the Board has the express power to utilise the services of persons having technical or specialised knowledge to advise and assist in the performance of its duties, may or not be relevant.\textsuperscript{114} More importantly, according to administrative law principles, the Board may obtain information and opinions from others, impose standards developed by other authorities, or delegate tasks such as fact-finding or investigation.\textsuperscript{115}

These principles and provisions would seem to give the Board authority to continue its practice of consulting with collective societies to ascertain approximate market prices for licences. It is also possible that the Board could extend the protocols already in place with collectives such as Access Copyright and Copibec, or further involve collective societies by requiring applicants to coordinate reasonable search efforts with them, asking them to verify compliance with established criteria or proposing terms and conditions of a licence to the Board.

In deciding whether to involve collective societies in the s 77 scheme, the Board might weigh a number of considerations. Administrative efficiency and the allocation of Board resources are among the most important issues. The Board’s members and staff are responsible for a number of tariff regimes, most of which involve royalties that vastly exceed the amounts at issue under s 77. We leave it to others to discuss whether it is either practicable or advisable for the Board to devote resources to, for example, administering and distributing funds held in trust for unlocatable owners.

In contrast, royalty collection and distribution is the \textit{raison d’être} of collective societies. There is anecdotal evidence that involving collective societies in the licensing, collection and distribution increases the likelihood that royalties will eventually reach the true copyright owner. Another argument for involving collective societies is that copyright owners may find it easier to acquire amounts owing from a collective than from an individual user who might disappear before the owner’s rights have expired. Some collectives publicise the issuance of licences that they have been asked to administer. Collective societies also incur expenses co-operating with the Board on s 77 applications, and royalties payable to them help to offset at least some of these costs.

The Board first developed the policy of involving collective societies in the administration of the s 77 licensing scheme in 1991, but it was not until 1997 that the Board considered formalising this relationship. When it appeared before the Standing Committee on Canadian Heritage in 1997, the Board proposed some amendments to the Copyright Act in order to simplify the licensing process. The purpose of the first recommendation was to avoid unduly taxing the Board’s resources. It proposed to assign licensing responsibility to the collectives already managing the type of use contemplated in the request. The Board would have intervened only in the absence of such a collective, or in order to settle disputes

\textsuperscript{114} Copyright Act (n 2) s 66.4(3).

\textsuperscript{115} Blake (n 89) 137 and cases cited therein.
between a collective and an applicant. In response, the Copyright Act was amended to give the Board the power to govern the attribution of licences by regulation. The Board has not exercised this power, however, in part because it is probably not sufficient to allow the Board to delegate to collective societies further responsibilities in respect of s 77. As such, this issue was referenced again in the Board's 2003 submissions on the Industry Canada Report.116

Rather than cementing a relationship with collective societies via regulations, the Board continued with ongoing collaboration and consultation to address problems as and when they arise. At the request of Canada's leading reprography collectives, Access Copyright and Copibec, formal administrative arrangements were developed. Agreements set out the Board's expectations when a collective is involved in an application. They also provide a framework within which potential applicants can contact the collectives directly, without the Board being involved in the early stages of an application. Whatever the Board chooses to do in the future, continuing transparency is likely to be important in order to ensure public acceptance of any arrangements with collective societies.

(f) Attribution/Marking

The BSAC Paper recommended requiring attribution of authorship, if the author is known, as a condition for using an orphan work. That recommendation is probably influenced by a nearly identical recommendation made earlier in the US Report, although the UK's copyright law requires attribution only if the right has been asserted at the time of publication.117 The US legislative context is distinct, offering limited or no protection for moral rights in most works; nevertheless, the US Report recommended attribution in order to 'make it as clear as possible to the public that the work is the product of another author, and that the copyright in the work is owned by another'.118 International publisher and library associations have also agreed on this requirement in principle.119 Indeed, there seems to be growing consensus among all stakeholders that as much attribution as is possible in the circumstances is an appropriate condition for the use of orphan works, not only in order to facilitate the subsequent location of copyright owners, but also as a matter of fairness and possibly for other reasons.

Another suggestion in the BSAC Paper, somewhat related to this point, is to require a user of an orphan work to indicate on any copies of that work made, communicated or distributed to the public that the user is relying on authorisation under a particular provision to carry out such acts.120 According to the BSAC, a copyright owner who appears at a later time might then know whether and how a
licence fee may be collected, rather than sue the user for infringement only to
discover that the user's act was authorised under an exception or licence for
orphan works. It might also increase the likelihood that the owner could collect
royalties owing, by publicising the fact that the work had been treated as orphaned. The US Report has made similar observations.121 Occasionally, the
Board has required licensees to indicate both the name of the author and the fact
that uses are carried out pursuant to a licence obtained from the Board, as well as
to specify how the owner might obtain compensation for the use made. However,
such practices have not been required in a systematic manner in the context of
s 77 applications. For example, a licence was granted to a Québec bookseller to
reprint 2,000 copies of a book, on the condition that a credit acknowledging the
author of the work and specifying the existence of a licence from the Board be
prominently presented in the reprints.122 It appears that the practice is now more
systematic.

Other provisions of the Copyright Act already contemplate similar require-
ments. A moral right of attribution arises where attribution is reasonable in the
circumstances. Moreover, in order to make certain fair dealings, for example for
the purpose of criticism, review or news reporting, it is necessary to identify the
source of the work. Precisely whether and how attribution would take place might
vary depending on the type of work, the proposed use and other circumstances.

Requiring that the known authors be identified helps to avoid moral rights
issues that may unwittingly arise. Earlier in the article we mentioned the
uncertainty surrounding the Board's ability to deal with moral rights issues.
Clearly, the Board cannot waive moral rights. On the other hand, it could be
argued that the Board can set terms and conditions that any prudent copyright
owner would have set. It is possible to require, by condition of licence, that a work
be used so as not to create moral rights issues. Dealing with attribution appears to
be a straightforward matter. If attribution can be addressed, so can integrity.

(g) Revocation/Termination

Even if there has been a material change in the circumstances pertaining to the
decision since it was made, the Board is not expressly authorised to intervene so as
to reconsider and vary a decision made under s 77. More importantly, s 77 licences
are not part of the decisions that the Board can vary pursuant to s 66.52 of the
Copyright Act. This raises questions about what might be done in the event that
a licensee does not respect the terms of the licence granted by the Board. Can the
Board revoke the licence, or enforce the terms of the licence in a court of law?
These difficult questions have not yet arisen in practice before the Board.

121 US Report (n 1) 111.
<http://www.cb-cda.gc.ca/unlocatableintrouvables/licences/199-e.pdf> accessed 5 December
2010.
Another question is whether owners who were previously unlocatable can revoke or amend the terms if they come forward after the Board has issued a licence. Subsection 77(3) only provides that the owner may collect or recover royalties fixed in the licence within 5 years following the expiration of a licence. The owner may wish to terminate the licence, or obtain an injunction prohibiting the licensee from continuing with the use authorised by the Board. Can the owner do so?

Section 77 does not prevent owners seeking an injunction or delivery up of infringing copies of their works pursuant to s 34 or other remedial provisions. In so far as these remedies do exist, an attempt by the Board to negate them would probably be invalid. However, the key word here is ‘infringing’. Copies made pursuant to a valid Board licence are necessarily not infringing. Users who comply with the terms of the Board’s licence are as entitled to shelter under it as users who benefit from a licence issued directly by the copyright owner. The true question, then, is not the Board’s power to override an owner’s rights, but the extent of those rights. The likely answer is that the owner’s only remedy is the one that sub-s 77(3) provides, unless the licence itself allows the owner to terminate it.

The Board has never provided in a licence that it is revocable by the copyright owner. It could presumably do so under its authority to set the terms and conditions of the licence. Assuming the Board could do this, the manner in which this would be allowed would be critical. Although the Board has not yet engaged with these issues, others have raised them. The US Report referred to a number of comments from stakeholders about what ought to happen when a previously unlocatable copyright owner appears and attempts to assert her rights. The consensus is that new and existing uses of the work should be distinguished. Most agreed that owners ought to be able to prevent new uses of their works. Whether an owner should be able to prevent a user from dealing with existing copies of the previously orphaned work was more controversial, particularly where that work has been incorporated into a derivative work. The BSAC Paper explores similar issues.

(h) Transferability

Nothing in the Copyright Act or in the licences granted by the Board speaks to the ability of a s 77 licensee to deal with its licence. In all probability, the rules generally applicable to non-exclusive licences would apply here. While sub-s 13(4) states that an owner may transfer rights in a number of ways, the Copyright Act seems to be silent on the ability of licensees to do likewise. So whether a licence granted by the Board under s 77 could be assigned, divided, or sublicensed remains an open question.

123 US Report (n 1) 86.
124 BSAC Paper (n 7) 33.
125 Carrière (n 22) 14.
On the other hand, it is probable that the Board, just like the copyright owner, is able to expressly provide that a licence can be assigned, divided or sublicensed. The Board has done so implicitly in the past, such as when it has granted broadcasting rights to producers who do not operate a television station.

**C Empirical Review and Statistical Analysis**

This section presents a detailed empirical review and statistical analysis of the Board's activities in respect of s 77 licences, with the goal of providing basic factual information that may facilitate future policy discussion, comparative study or programme analysis. Charts or graphs, as well as possible interpretations of and explanations for the findings, often accompany reported data. The cut-off date for analysis is the end of the 2008 calendar year, although some 2009 data has been included where available and appropriate.

1 **Number and Rate of Applications**

The Board has opened files for 441 different licence applications pursuant to s 77. However, the Board has received many more inquiries than formal applications. This article only analyses those applications for which files were opened.

Over time, the Board has dealt increasingly more with s 77. The number of files opened by the Board has increased from fewer than 10 files in 1990 to over 40 in 2006, with an average upward trend of between 2 to 3 (precisely 2.38) additional applications each year. Applications concerning architectural works, however, skew the statistics: since the Board amended its policies concerning these works in 2007, the number of applications filed decreased substantially. Removing applications involving architectural plans from the analysis reveals a more moderate growth rate for all applications.

Although there have been 441 applications filed up to the time of writing, they pertained to roughly 12,640 different works. This is because some applicants filed a single request for multiple works. Though 65% of applicants sought to use only

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126 For the purposes of this empirical analysis, a small number of single applications (5) resulting in multiple licences have been treated separately.

127 See Copyright Board of Canada, 'Policy of the Copyright Board of Canada re Issuing Licences for Architectural Plans Held in Municipal Archives' (22 August 2007) <http://cb-cda.gc.ca/unlocatable-introuvables/municipal-municipales-b.pdf> accessed 11 November 2010 (Board Policy). Pursuant to this, the Board ceased to issue licences for architectural plans, even though this type of work is protected by copyright, for two reasons: in most cases, the contemplated uses either constitute fair dealing for the purpose of research or would be covered by an implied licence; and sub-s 32.1(1) of the Copyright Act provides that a municipality that supplies copies of plans pursuant to an access to information request does not violate copyright. Most Canadian municipalities are subject to access to information legislation.
In a handful of cases, applications were made for a licence or licences covering thousands of works.

Figure 1: Applications Received for Orphan Works Licences by Year 1990 to 2009

As shown in Figure 3, 22.2% of applications were abandoned because the copyright owner was found, usually with the help of the Board, and often with the help of collective societies. The fact that collective societies have helped to locate copyright owners in Canada is consistent with comments made to the US

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1 work, 24% applied to use between 2 and 10 works and 7% applied to use between 11 and 100. Some applicants have sought licences for scores of works at the same time. In a handful of cases, applications were made for a licence or licences covering thousands of works.

2 Results of Applications

About half of all applications to the Board for orphan works eventually resulted in the grant of a licence. The Board had granted 230 licences by the end of 2008.128 The proportion of licences granted versus applications made does not mean that the Board frequently denied applications. In fact, only 5 applications have been formally rejected. The following chart illustrates the outcome of all applications for licences dealt with by the Board.

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128 This number does not correspond exactly with the number of entries on the Copyright Board’s website. The website includes a few additional entries reflecting, for example, a small number of amended and/or interim licences. In other cases, the website contains only a single entry for multiple related licences.
Figure 2: Number of Works per Application

- One Work
- From 2 to 10 works.
- From 11 to 100 works.
- From 101 to 1000 works.
- From 1001 to 10000 works.

Figure 3: Results of All Applications

- Decision Issued
- Owner Found
- No follow up
- Withdrawn
- Other
Copyright Office, which suggest that orphan works-related problems emerge less frequently where rights are administered collectively.\textsuperscript{129}

Only a very small percentage of applications have been formally rejected. These rejections were usually because no licence was required or because the applicant had failed to prove that the work had been published. The data indicates that 16.3\% of applications were withdrawn, while another 8.6\% were apparently abandoned. There appears to be no systematic reason for this. Some applicants consider the Board’s search requirements to be too rigorous and decide to manage the risk of infringement rather than meet the Board’s standards. Others are advised that their application would be rejected on the basis of jurisdictional or other grounds. Yet others, without telling the Board, decide not to make the use for which they applied or eventually locate the copyright owner. The data pertaining to withdrawn or abandoned applications, where no decision was issued, is incomplete. There has been no standard cutoff point at which the Board has deemed applications to be abandoned. As such, no reliable conclusions can be drawn about the length of time applicants actually waited before withdrawing or abandoning their applications.

3 Application Processing Times

The analysis in this section is necessarily impressionistic. A number of substantive methodological hurdles could not be factored into the analysis, given the nature of the raw data. Furthermore, not all files proceed in the same fashion, rendering it difficult to make generalisations about timelines. For instance, we chose to count the time it takes to deal with an application from when the application is first received. However, since many applications are incomplete when received, considerable time can elapse before applicants respond to the Board’s requests for additional information, resulting in delays that significantly skew the data presented below. In addition, apparently simple applications sometimes raise complex issues. We did not attempt to identify these particular files or to account for them as statistical outliers.

Figure 4 depicts only applications for which the Board issued a decision (usually, successful applications). About half (49\%) of the cases took less than 8 weeks to decide. In one-fifth of cases the Board took between 2 and 4 months to reach a decision, and 4 decisions (about 2\%) took more than a year. 12\% of decisions were issued within 2 weeks of the application being received, while just over a quarter of all decisions took less than 1 month.

It is possible to illustrate the same information somewhat differently. While the bars on Figure 4 show the number of days taken to reach decisions, the bars on Figure 5 show the percentage of applications still outstanding after periods of 2, 4, 8, 16 and 52 weeks. About half of the applications are still pending after 8 weeks and slightly less than three-quarters of decisions are issued within 16 weeks. No relationship was found between the number of applications at a given time and the

\textsuperscript{129} US Report (n 1) 31.
Figure 4: Days until decisions

length of time taken to issue decisions. Despite the increase in the number of applications between 1990 and 2008, the Board did not take any more or less time on average to issue decisions.

The recent apparent decrease in processing time (shown at the tail end of Figure 7) may result from the emergence of applications for licences to use architectural

Figure 5: Applications pending after number of weeks
plans. As illustrated in Figure 6, there was almost no difference in the processing time required to handle applications to use artistic, literary or musical works. By contrast, applications to use architectural works were completed in about a quarter of the time taken to dispense of applications to use other works.

Analysis of the data depicted in Figure 8 revealed that the Board processed applications for non-commercial uses of works more quickly than it processed applications for commercial uses. The median number of days required to reach a decision was 47 in the case of non-commercial applications and 63 for commercial applications. Three-quarters of non-commercial applications were decided in less than 98 days, while the same proportion of commercial applications took 126 days, which is 4 weeks longer. The gap between commercial and non-commercial applications is near its widest at the seventy-fifth percentile. In other words, although there is clearly a difference, the statistic just cited may overstate the magnitude of that difference. The data also shows that a higher proportion of commercial applications than non-commercial applications took longer than 5 months to decide.

Anecdotal evidence suggests that the factors most likely to influence the length of time required to deal with an application are: (1) the number of works involved; (2) the likelihood that the works are still protected by copyright; (3) the notoriety of the work or author; (4) the number and identity of the rights holders and the complexity of their dealings in the relevant market; (5) the applicant’s sophistication on copyright issues; (6) the importance of the contemplated use; (7) the speed at which collectives and applicants can respond to Board inquiries; and (8) Board workload in other areas. An additional factor that is difficult to capture quantitatively
Figure 7: Application processing time, year by year

Figure 8: Days until decision, commercial and non-commercial
is the complexity of the issues triggered by an application under s 77. Finally, it must be emphasised again that delays in processing applications are often attributable to applicants' inactivity, rather than the Board's processes. On occasion, applicants have taken weeks or months to respond to the Board's correspondence regarding a file, resulting in delays that significantly skew the data presented above.

4 Nature of Applicants, Works and Proposed Uses

Analysis revealed several interesting observations about the nature of applicants who tend to use s 77. The US Report categorised users who encounter orphan works problems according to the nature of their uses: (1) subsequent creators who produce derivative works; (2) libraries, archives or museums who undertake large-scale access projects; (3) enthusiasts who use works for specialised purposes; and (4) members of the general public who use works privately. Considering available data, we classified applicants differently. Although it was often difficult to distinguish among categories of applicants, it can be said that most applicants have been commercial entities. Businesses account for 37% of all applications, while individual applicants follow closely behind at 31%. Educators or educational institutions constituted 13% of all applicants, government agencies 11%, galleries and museums 3% and community organisations 4%. Charitable groups made up the remaining 1% of applications.

Figure 9: Classification of applicants

As well as categorising files based on the nature of the applicant, it was possible to differentiate between applications for commercial and non-commercial uses. Slightly more applications have been filed for proposed non-commercial purposes.

A separate analysis was undertaken to distinguish between the type of work or works at issue in an application. The majority of applications were received for 'literary' and 'artistic' works (over 60% combined). For present purposes, books, poems, letters and scripts, as well as documents on microfiche or CD, were treated as literary works. The category of artistic works included among other things photographs, paintings, graphics, drawings and illustrations. The graph below shows the relative distribution of the types of copyright-protected material in demand by applicants.

Though technically architectural plans may also be considered artistic works, plans have been separated for the purpose of this study. Before 2001 there were no applications for plans, but nevertheless, they constitute 18.8% of applications over the entire period studied. The Board began receiving such applications after two Canadian municipalities, the Cities of Calgary and Ottawa, refused to provide copies of plans to persons wishing to conduct home renovations without a letter of express permission from the copyright owner. Staff directed residents to the Board if the owner was unlocatable. This put substantial demand on Board resources. Because of the strain, and because in almost all cases licences to reproduce plans held in municipal archives were unnecessary, the Board has recently stopped considering such applications.131

131 Board Policy (n 127). The time the Board took to issue the policy was in part due to its desire to avoid applicants being caught between two administrative agencies applying conflicting
Just under 5% of applications involved multiple categories of copyright-protected subject matter. In some cases, a single application was made in respect of several different works from different categories. For example, an applicant seeking to use a newspaper article may also include a request to use an accompanying photo. It should also be noted that for the purposes of this classification, applications were only classified as musical where, in addition to the underlying musical work, the applicant required permission for the sound recording or the artist's performance.

5 Value of Royalties for Licences Issued

The total royalties paid or payable for all licences issued since the system was created is just under C$70,000. The exact figure of C$69,622.68 does not account for licences where rates were set at a number of cents per copy made or where rates were tied to sales, as data on the number of copies actually made or sold is unavailable in many cases. However, the total amount of royalties generated by such licences is believed to be a few thousand Canadian dollars. There is no obvious pattern in the royalties generated per year.
As explained above, in some cases, the Board has required that royalties be paid only if the copyright owner comes forward within the five-year statutory period. About 30% of licence fees payable were contingent on locating the copyright owner. In the remaining cases, royalties were payable to a collective society.

Access Copyright (formerly CanCopy) took in most of these non-contingent royalties. Payments have also been directed to societies representing visual artists.
Figure 14: Distribution of royalties

in many cases. The bar graph in Figure 14 illustrates how non-contingent royalty payments have been allocated to various collective societies.

D Conclusions

After reviewing hundreds of comments, holding several public roundtables and even more private meetings, the authors of the US Report concluded that legislation is necessary to provide a meaningful solution to the very real problems posed by orphan works. They rejected a system requiring government involvement because it would entail more resources and efforts than are readily available, without providing offsetting benefits.

The fact that the Canadian system was given short shrift and not seriously considered as a viable policy alternative in the US might call into question whether it is an appropriate solution in Canada. Although it is true that the legislative and policy context in the US is distinct (for example, in respect of moral rights, and also the US's historically recent transition from a registration-based to authorship-based system of protection), one must not overlook the legal, economic and cultural similarities between these jurisdictions, as well as between Canada and other members of the British Commonwealth. Rejecting the Canadian approach

133 ibid 95.
on the simple basis that it requires government involvement is irrational, as almost any system requires political or legal intervention, even if only to establish a legislative framework for orphan works. Every legal system will allow judicial intervention, with its attending consequences, if the user is found to have violated copyright. Moreover, some entities contemplating mass digitisation of works are attracted by the level of certainty the Canadian approach can provide, and have commented favourably on it. Nevertheless, many questions persist about the interpretation, administration and effectiveness of Canada’s system for licensing the works of unlocatable copyright owners.

In our opinion, this confirms the need for further study and analysis of the Canadian experience. This legal and empirical analysis has provided a basis on which to begin considering the merits of the Canadian approach. Prior to this article, there had been little or no consideration of s 77 of the Copyright Act, which deals with the licensing of orphan works on behalf of unlocatable copyright owners. The first step in addressing that deficiency was to examine the practices of the Board since the inception of the current licensing system. To that end, we identified, catalogued and organised all applications that have been made to the Board pursuant to s 77. We reviewed these applications in the context of the law governing the issuance of licences and reported on some of the key legal and practical issues that have arisen. We also conducted a statistical analysis of the data generated from our review and reported our empirical observations about how the s 77 regime has functioned.

As explained at the outset, our purpose was not to evaluate the Board’s policies and practices, or to consider alternative solutions to the orphan works issue or how the Canadian system might apply elsewhere. We have, however, included references to major foreign reports on the problem of orphan works in order to demonstrate how Canada’s current system is perceived in other jurisdictions. Our intentions are primarily to lay the groundwork for further study of the orphan works problem, and to provide a basis for possible recommendations for improving the fairness and efficiency of Canada’s current regime.