Bouncing Back from Oblivion:

Can Reversionary Copyright Help Unlocking Orphan Works?

Marcella Favale

The importance and potential of mass digitization of cultural heritage institutions in Europe is well known, as also the stalemate created by the difficulty of clearing the rights of these works that are mostly out of commerce and whose right holder is not known or locatable. European legislators tried to address this stalemate by introducing a copyright exception for these so-called Orphan Works, which can be digitized and published after carrying out a Diligent Search. However, as the rules to implement this Diligent Search are quite demanding, and the sources to be consulted are largely inaccessible, cultural institutions struggle to get their collections out in the digital world, so that cay they can have a second life. Presumption of copyright ownership, moreover, make this picture even more blurry. After a work is created, it is delivered to a complex web of potential copyright transfers and attributions, which make the quest for rightsholders potentially endless. The reversion of copyright, which returns to the author under certain conditions (time lapse, inactivity of the publishers) adds complexity as it very much differs from country to country. The analysis of data from the EnDOW project in conjunction with ongoing and recent research (Towse 2018, Heald 2018, Dusollier 2014, Kretshmer 2012) shows that Reversionary Copyright, farm from being an outdated and scarcely useful tool (Bentley&Ginsburg 2010), has great potential to relieve the problem of Orphan Works, if correctly adjusted and interpreted.

Keywords: Reversionary Copyright; Orphan Works; Copyright; Cultural heritage

1. Background and Introduction

Cultural heritage collections in archives and museums are waiting to be digitized and made available to the whole world. Currently, they find hurdles to this digitization in the right clearance of works that are still protected by copyright, but whose right holder is untraceable. In Europe, the Orphan Works Directive[1] has sought to put a remedy to this problem by creating an exception for the digitization and publication of certain categories of works by cultural heritage institutions, under a preliminary condition: they must carry out a Diligent Search of the right holder. In order to carry out a legally valid Diligent Search, cultural institutions have to consult a number of sources potentially useful to locate rightsholders. Each EU Member State has implemented the Orphan Works Directive and has identified (or not) a number of sources to be consulted. Each list of sources, when available, is different from country to country. Only the sources that are expressly indicated by the Directive must be consulted in every country.

The EnDOW project[2] has collected a dataset of the sources to be consulted to carry out a Diligent Search in 20 countries. According to the legislation of each of these country, consulting these sources allows to carry out a legally viable Diligent Search. However, the EnDOW researchers found that most

[1] Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works Text with EEA relevance, *OJ L 299, 27.10.2012, p. 5–12*

[2] For exhaustive information on the EnDOW project see www.diligentsearch.eu.

of these sources are not freely consultable online, thus rendering the process of the right clearance costly and very difficult.[3]

Other problems have been identified in the course of this project, which constitute potential obstacles to Diligent Search. For example, The Directive imposes to identify a 'country of origin' for each work, because this will allow to identify the applicable law within each jurisdiction. However, boundaries of countries have changed over the years, especially in consequence of conflicts and wars. What is now the territory of a country could no longer be the original 'country of origin' of a given work. Moreover, in the case of collaborative works, carried out by sever authors of different nationality, it could not be easy to determine the country of origin. Finally, different presumptions regarding who should be the right holder of a work are in force in individual Member States, either by law or by business practice, as we will see more in detail below.

All the above obstacles and issues have not been sufficiently addressed by the Orphan Works Directive, not only because this directive has not been implemented in homogeneous way among Member States, but also because the prescription of the Directive requires the preliminary application of national copyright regulations which are utterly unharmonized in Europe. In the present paper, we analyze more in depth one of these specific problems: the presumption of ownership of a copyright work. In practice, the identification of the probable *current* owner of a - likely old - copyright work has a great impact on how a Diligent Search must be carried out: who should be sought first, the author or the publisher? And in the – frequent- occurrence of several subsequent owners-publishers, where the search should stop? In this context, a further complication is added to the picture: The Reversionary Copyright. In many countries copyright can revert to the author after a number of years or in consequence of the inactivity of the publisher. How this potential complication in the ownership change can impact on Diligent Search? And most importantly, is this really another layer of complication or under certain circumstances this could possibly alleviate copyright problems, in particular with relation to Orphan Works?[4]

2. Copyright ownership: the presumptions

Who owns the rights? To this question an answer should be given before starting a Diligent Search. While works currently in commerce are most likely owned by the commercial exploiter of the work, Orphan Works are most likely old works, often no longer in commerce. In most countries analyzed by the EnDOW project there is a general presumption of authorship that states that the person indicated as the author of the work is presumed to be the author. However, Diligent Search rules impose to locate the right holder, which can easily be different from the author. For example, for works under employment, the copyright belongs to the employer. For published works, rights are routinely transferred in all or in part from the author to the publisher. For performances, rights would be normally transferred from the performers to the producer, etc.

These subsequent transfers of rights are regulated differently, by law or business practices, depending on individual jurisdictions. As a consequence, the presumption on who owns the rights

[3] M. Favale; S. Shroff, A. Bertoni, ' Requirements for Diligent Search in the United Kingdom, the Netherlands, and Italy', available at http://diligentsearch.eu/wp-content/uploads/2016/05/EnDOW_Report-1.pdf; A. Bertoni, F. Guerrieri, M. L. Montagnani, 'Requirements for Diligent Search in 20 European Countries', available at http://diligentsearch.eu/wp-content/uploads/2017/06/REPORT-2.pdf (accesses 15-03-18)

[4] M. Kretschmer [2012] 1 Int. J. of Mus Bus Res 1, 44-51.

also differs. The EnDOW project found that presumption of rights are currently highly unharmonized in Europe. For example, different presumptions exist depending on categories of works and on their stage within the distribution process. For published books for example, the owner is presumed to be the publisher, if the work is still in commerce. But if the work fell out of commerce presumptions of ownership will heavily rely on national regulations and practices on Reversionary Copyright. For audiovisual works, there is a presumption of right transfer from the author (or co-authors, such as the director, the screen-writer, etc.) to the producer of a film, except for the musical works. In some occurrences the producer of a film is also the distributor, which then retains commercial rights as long as the film is distributed. These rights can also include presale rights or co-production, therefore, some of these rights will expire when the film is no longer in commerce, whereas some other rights will remain to the producer.

In the case of performances, the presumption of right transfer varies depending on the performance being live or not. While theatre performances can leave the rights on the recordings to the performer (or sharing these rights with the producer, depending on contractual arrangements) for movies or phonograms the performers normally transfers the rights to the producer. In addition, broadcasts of the above also include rights for the broadcasting organizations. These organizations would normally retain their economic rights on audio-video works and phonograms even after the work has fallen out of commerce.

Overall, while analyzing the data provided by the EnDOW project we realized that, despite several differences among national jurisdictions, we could broadly group the presumptions of ownership in two main instances: a) Presumption of first ownership: the first owner is the author. The author is whoever is indicated as such. Unpublished works can rely on this presumption; b) Presumption of transfer: when the work is commercialized, there is a presumption of right transfer to the exploiter (producer, publisher, etc.)

However, there is a third instance that is highly problematic (and highly interesting, if not crucial, for our purposes): Works that were published once but are no longer in commerce are subject to different presumptions, depending on the category of work: a) the rights on written works (not for hire) would normally belong to the publisher, but in some cases and under some jurisdiction may be subject to reversionary copyright, and therefore belong again to the author; b) regarding the rights on audio-visual works, the only EU harmonized notion is that the producer owns the rights, together with also the main director, unless the latter is employed by the producer. Different jurisdictions also recognize other rightsholders (artists, costume designers, screenwriter, etc.). The rights on the soundtrack (music composer and lyrics composer) are often considered separately; c) the rights on visual works belong to the author (N.B. those embedded in written works have normally been licensed/authorized by the author, and self-standing visual works are excluded from the scope of the Orphan Works directive).

In this scenario, it is highly interesting to explore the extent of application and potential application of Reversionary Copyright: In what countries it applies? Does it apply to other works than literary? Does it apply only to works out of commerce? These questions seem particularly relevant for the task of performing a Diligent Search because, depending on the answers, the work of the cultural institution seeking to clear the rights of their collections could be either simplified or over-complicated.

Within the EnDOW project we have asked our Country Correspondents to enlighten us on the regulation of copyright reversion in their country. We found that the EU scenario is indeed extremely fragmented: In Europe, there seem to be a number of different legal frameworks for reversionary copyright.

In the UK, reversionary copyright was embedded in the duration of copyright assignment, which revert to the author every 14 years. The 'act for the encouragement of learning' of 1709 states as much, as does the 1783 Resolution of Continental Congress.[5] While the Copyright Act of 1831 stretches the copyright duration to 28 years, the renewal is still of 14 years. Then, the 1909 copyright act states copyright duration for 56 years and reversion to author or heirs, subject to the formality of registration before one year of expiration term.

Further, the United Kingdom Copyright Act of 1911 provides that 25 years after the death of the author copyrighted works granted to a third-party automatically revert to the author's heirs, successors, or legal representatives. However, this is subject to the following circumstances: (i) the author is the first copyright owner of the work, and (ii) the terminated grant (e.g., the publishing agreement) was made by the author (grants made by the author's heirs are not terminable under Copyright Act of 1911). Interestingly, the Copyright Act of 1911 applied to all the "British Reversionary Territories" or "BRTs", [6] which covers most of the English-speaking world (except the US). This law does not require the reversionary assertion of rights to be made in a particular form, and there is no time limit: the claim can be made at any time until the end of 25 years following the death of the author. All above applies only to works created and assigned before the first of July 1957.[7] However, many of the BRTs (including large content producers, like Australia, New Zealand, Canada, etc.) have included the reversionary rights in their legislation, way beyond this term.[8] Although the United States are not subject to the 1911 UK Copyright Act, they also have legislation on reversionary copyright. In the US copyright act of 1909, a reversion right could be exercised by the author or her heirs 56 years after copyright grant (within one year from expiry). Subsequently, the 1976 US Copyright Act introduced a complex regulation by which, for contract executed after 1977 rights could be reclaimed by authors or her heirs 35/40 years after the execution of the grant, with a notice period between 2 and 10 years; for subsisting works copyright can be reverted either at the end of the first copyright term (28 years) as of the 1909 act, or at the end of the second term ((47 years, for five years beginning 56 years from grant.[9]

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[5] L. Bently and J. C. Ginsburg, The Sole Right Shall Return to the Authors: Anglo-American Authors Reversion Rights from the Statute of Ann to Contemporary U.S. Copyright, 25 Berkeley Tech. L.J. 1475 (2010), 20.

[6] Antigua; Australia; Bahamas; Bangladesh; Barbados; Belize; Bermuda; British Virgin Islands; Botswana; Brunei; Canada; Cayman Islands; Cyprus; Dominica; Falkland Islands; Fiji; Gambia; Ghana; Gibraltar; Grenada; Guyana; Hong Kong; India; Ireland, Republic of; Jamaica; Kenya; Kiribati; Lesotho; Malawi; Maldives; Malaysia; Malta; Mauritius; Namibia; Nauru; Nigeria; Papua New Guinea; New Zealand; Samoa; Seychelles; Sierra Leone; Singapore; Solomon Islands; South Africa; Sri Lanka; St. Kitts & Nevis; St. Lucia; St. Vincent; Swaziland; Tanzania; Tobago; Tonga; Tuvalu; Trinidad; Turks & Caicos; Uganda; United Kingdom; Vanuatu; Zambia; Zimbabwe

[7] In the UK Copyright Act 1956 only applies to contracts between the first owner and the exploiter as from the 1st of June 1957.

[8] New Zealand has extended the provision to contracts concluded from the 1st of April 1963; South Africa to contracts from 10th of September 1965; Australia to contracts from the 1st May 1969. In Canada the Reversionary Copyright is still in force.

[9] 17 U.S.C. § 304(c). This system is very complex. For full details see Bently and Ginsburg 2010 supra note **Error! Bookmark not defined.**, 94.

In Spain, a similar provision is provided by the 1879 Copyright Act, which established a reversionary copyright after 25 years from the death of the Author, for assignments of rights concluded before 9-11-1987.[10] Moreover, contract law assists the author in the occurrence of lack of activity (e.g. publication) from the publisher. Art.48 TRLPI is generally understood as imposing upon the exclusive transferee (not the non-exclusive transferee) an obligation to exploit; failure to exploit the work will entitle the author to terminate the contract. The same rule is envisioned for publishing and performance contracts. Art.68 TRLPI identifies specific reasons (instances) where the author may terminate a publishing contract and have the rights revert to the author:[11] In addition, publishing contracts may include specific reversion clauses, following best practices and contracts recommended by Authors associations. [12]

In Austrian Copyright, there are two provisions that concern the reversion of copyright, the first being § 29 Austrian Copyright Act, whereas the author is entitled to solve a contract prematurely if the contract partner does not make use of his licence (or it does so only in a limited way) so that vital interests of the author are harmed, on condition that this insufficient use is not due to a fault of the author. The author must allow for an extension of time in order to remedy the situation before

10 See Torremans and Castrillon, [2012] 'Reversionary Copyright: A Ghost of the Past or a Current Trap to Assignment of Copyright?' 2 I.P.Q.77-93, at 80.

11 (a) if the publisher fails to publish the work within the time and conditions agreed;
(b) if the publisher fails to exploit the work continuously and according to the usual practice (in this case, the author needs to previously notify the publisher requesting to fulfill the exploitation);
(c) if the publisher sells or destroys the copies of the work, without meeting the requirements set in Art.67 (if done within 2 years from first publication, the author must agree to it; afterwards, the publisher can do it without the author's consent but the author has a right to acquire or keep the copies to be sold or destroyed);
(d) if the publisher unlawfully transfers his rights to a third party;
(e) if the publisher fails to make a new edition of the work (when the number of unsold copies in the market is less than five percent, or below a hundred) within a year from being requested to do so by the author;
(f) and in the event of a liquidation or a change of ownership of the publishing firm, if the reproduction of the work has not started yet and the new editor does not resume exploitation after a period of time. Similarly, stage and musical performance contracts may be terminated by the author (art.81(1) TRLPI), if the producer who has exclusive rights suspends performances for a year.
Notice that paragraph (b) is the only one where a prior notification to the publisher is required, with no subsequent action by the publisher, before termination of the contract.
In addition, publishing contracts expire:
When no specific term of assignment has been mentioned in the contract: it will expire after 5 years (Art.43.2 TRLPI). When a publishing contract is agreed in exchange of a flat remuneration (non-proportional remuneration) it will expire after 10 years (Art.69.3 TRLPI); all other publishing contracts will expire after 15 years (Art.69.4 TRLPI);
The "bestseller clause" is provided for in Art.47: this action can only be exercised by the author or original owner of rights (the action is unwaivable and cannot be transferred), within 10 years from transfer/license, when there is a manifest disproportion between the exploitation revenues and the remuneration agreed with the author. The author must first notify the publisher/assignee and if no revision is agreed upon, he may sue the publisher in court (the judge will revise the remuneration). This contribution is kindly provided by Raquel Xalabarder, Universidad Oberta de Cataluna (Spain).

12 For instance, the standard publishing contract posted on the website of the Association of Writers of Catalunya includes a reversion of rights clause: 2 years (or any other time agreed upon) following first publication of the work, the author may "terminate" the contract for any means of exploitation that have not been "used" (by the publisher) if there is an offer (by a third party) to conduct that exploitation -in the specific means not exploited so far- (the offer must be done in writing). Even then, the author agrees to grant the publisher a "preferential right" to conduct that exploitation (in the specific means not exploited so far). This footnote is kindly provided by Raquel Xalabarder, ibid.

dissolving the contract.
A similar clause is contained in § 76 section 7 Austrian Copyright Act, whereas the same applies to performing artists in relation to producers of phonograms (the time extension for this remedy is fixed by law to one year).[13]

In Poland as well, there is a provision concerning such a scenario. Article 57 of the Polish Copyright Act. Says that '1. If the acquirer of the author's economic rights or the licensee who has undertaken to disseminate the work does not start the dissemination within the agreed time limit or if there is no agreed time limit, within 2 years since accepting the work, the author may renounce or terminate the contract and may claim the damage to be repaired after the lapse of an additional time limit, not shorter than six months. 2. If the work has not been made available to the public as a result of circumstances for which the acquirer or the licensee is responsible, the author may claim double remuneration with respect to the remuneration specified in the contract for dissemination of the work instead of repairing the damage incurred unless the license is nonexclusive. 3. Provisions of paragraphs 1 and 2 above shall not apply to architectural and architectural and town planning works'. The term "disseminate" includes communication to the public and distribution. However, for this provision to apply the buyer (or licensee) must have undertaken the communication/distribution of the work. If this activity has not yet started, the publishers' inactivity does not allow the author to terminate the contract and regain the ownership of copyright.[14]

In France, transfer of right should be made by contract specifying the scope, purpose, duration and place of exploitation. Rights other than those specified in article L. 131-3 of the IP code cannot be transferred. Failure to do so entrain the nullity of the contract.[15] Moreover, publishing contracts can also be terminated for non-use (e.g. non-publishing). Articles L 131.3(4) and 132-17(2) establish that the assignee of the right has a duty to exploit the right, faulting which, the author can send a formal notice to terminate the contract. Similarly, Article L 132-30 regarding film production allow the author or authors a priority to purchase their rights whenever the producer goes out of business.[16]

In Italy, according to art 127 of the copyright act n 633/1941, the publication of a work should take place within the term indicated by the contract, and not more than 2 years from the delivery to the publisher of the final copy of the work. However, this right needs to be exercised judicially, with all related costs, as a simple formal notice would not suffice.[17]

Germany (and other systems deriving from German Law, such as Czech Republic) is a case aside, as copyright economic rights can only be licensed, not assigned, and therefore licensing contract must have a termination date. Uses and exploitations of the work have therefore to be clearly specified in the contract.

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[13] This contribution is offered by Christian Recht, Austrian National Library, our national correspondent from Austria.
[14] This paragraph on Poland is kindly provided by Tomasz Targosz, Institute of Intellectual Property Law, Jagiellonian University Kraków
[15] M. L. Montagnani and M. Borghi, 'Positive Copyright and Open Content Licenses: How to Make a Marriage Work by Empowering Authors to Disseminate Their Creations, 12 *International Journal of Communication Law and Policy* Winter 2008, 255
[16] Pascal Kamina, *Film Copyright in the European Union*, 2nd ed. (CUP 2016, Cambridge, UK, New York), 219
[17] Montagnani and Borghi 2008 supra n. 15, 258

In 2016, the German Copyright Act of 1965[18] was modified with the addition of article 40a, which grants authors who have negotiated a flat-rate in exchange for the exploitation of their work the possibility to exploit their work in another manner after ten years. The term is substantially shorter for contributions to newspapers and periodicals.[19] In essence, the author can propose its work to another publisher or exploit it herself.[20] Meanwhile, the original publisher can continue to exploit the work. Empirical research has investigated the effect that this new piece of legislation has on authors. It suggests that exploiters might reverse on the authors the effect of a reduced exploitation window by offering lower flat-rates.[21] However, the study also concludes that 'We often observe that authors mourn their financial situation, but also place a high moral value on individual rights. On average, German authors possibly value individual rights higher than reductions in earnings, and thus enthusiastically welcome the new legislation from a different point of view'. This will require further empirical research.[22]

'Use it or Lose it' provisions are implemented, with minor differences, in most EU Countries. According to the comprehensive report by Lucie Guibault and Bernt Hugenolts of 2002:[23]

> "The majority of the copyright laws of the European Member States – all but Ireland, the Netherlands and the United Kingdom – give the author the express right to terminate the

[18] Urheberrechtsgesetz, UrhG. In English: Copyright Act of 9 September 1965 (Federal Law Gazette I, p. 1273), as last amended by Article 1 of the Act of 1 September 2017 (Federal Law Gazette I p. 3346)

[19] Montagnani and Borghi 2008 supra n. 15, 256

[20] Section 40a: Right to other exploitation after ten years in the case of flat-rate remuneration
(1) Where the author has granted an exclusive right of use against payment of flat-rate remuneration he shall nevertheless be entitled to exploit the work in another manner after the expiry of ten years. The first owner's right of use shall continue as a simple right of use for the remainder of the period for which it was granted. The period referred to in the first sentence shall begin to run upon the granting of the right of use or, if the work is delivered at a later stage, upon delivery. Section 38 (4), second sentence, shall apply mutatis mutandis.
(2) The contracting parties may extend the exclusivity of the right to cover the entire duration for which the right of use was granted at the earliest five years after the point in time referred to in subsection (1), third sentence.
(3) In derogation from subsection (1), the author may, when concluding the contract, grant an exclusive right of use without any limitation of time if
1. he makes only a secondary contribution to a work, product or service; a contribution is, in particular, secondary where it has little influence on the overall impression created by a work or the nature of a product or service, for example because it does not belong to the typical content of a work, product or service,
2. the work is a work of architecture or the draft of such a work,
3. the work is, with the author's consent, intended for use in a trade mark or other distinctive sign, in a design or Community design or
4. the work is not intended for publication.
(4) Derogation from subsections (1) to (3) to the detriment of the author shall be possible only by an agreement which is based on a joint remuneration agreement (section 36) or collective agreement.

[21] M. Karas and R. Kirstein, 'More Rights, Less Income? An Economic Analysis of the New Copyright Law in Germany, 29 Available at http://www.fww.ovgu.de/fww_media/femm/femm_2017/2017_14.pdf (accessed 09-03-18)

[22] Ibid, 30. See also R. Towse 2018, COPYRIGHT REVERSION IN THE CREATIVE INDUSTRIES: ECONOMICS AND FAIR REMUNERATION, on file with the author, 19

[23] STUDY ON THE CONDITIONS APPLICABLE TO CONTRACTS RELATING TO INTELLECTUAL PROPERTY IN THE EUROPEAN UNION Final Report, Study contract n Study contract No. ETD/2000 /B5-3001/E/69 , European Commission's Internal Market, Directorate-General , Institute for Information Law, Amsterdam, The Netherlands (May 2002), 149

> contract in the event that the exploiter does not exploit the transferred rights within a specified timeframe, since this is the exploiter's main obligation under the contract. More than half of the Member States have expressly admitted the exploiter's bankruptcy, judicial liquidation, or declaration of insolvency as a ground for the resiliation [juiste term?] of the transfer of rights. However, the conditions under which termination may be invoked by the author vary from one Member State to the other."

A more recent report (2014) limited to a number of EU Member States, by Séverine Dusollier and others, reports as follows:

> "'Use it or lose it' provisions are currently in force in some EU Member States for authors' rights (Belgium, Germany and Spain among those surveyed in the present study, and additionally Austria, Luxemburg, Nordic Countries and Portugal). These provisions may apply to all kinds of copyright contracts or only to specific kinds of contracts, such as publishing contracts and film contracts (Belgium, Spain, Sweden). One of the most common provisions deals with the lack of exploitation of the work (Germany, Hungary, Sweden). Exploitation contrary to the artist's wishes can also be a case for early contract termination; for example, in case of sublicensing without the author's consent".[24]

Overall, the above reports show that some forms of rights reversion, either for lack of activity of the exploiter or after a number of years, are applicable for a large time-frame and amount of countries. It should be noted in fact that this particular time-frame roughly spans for 70 years between the end of the IX century and the first half of the XX century. These forms of right recovery have also been implemented in roughly 70 jurisdictions, including large countries and large content providers (Most EU Countries, the US, the Former British Empire, the current Commonwealth - Australia, Canada, New Zealand, south Africa, Israel, India, etc.) Moreover, 'use it or lose it' provisions are likely to extend world-wide. When they are not included in copyright law they can be construed from contract law.

3. The role of contract Law

Basic principles of Contract are fairly harmonized at EU level, and even world-wide. Normally some form of remedy following a breach of contract is provided to all signatories. The most common form of breach of contract involves a missing or delayed contractual performance or non-performance by one of the parties. Now, a publishing contract normally involves the delivery of a work by an author and the publishing and marketing of this work by a publishing house. If the author fails to deliver the work within the terms of the contract, she can be held in breach and pursued in court for damages. If the publishing house fails to publish the work, within a certain term (normally indicated in the contract) the author can hold it in breach (after a given notice), and she recovers the economic rights of her work. The most relevant difference among jurisdictions is the extent to which the legislation overrides the terms of the contract or intervenes when some specific terms are not included. In common law countries, characterized by freedom of contract, there is a larger leeway of the contractors, regarding the terms that they can agree upon. In Civil Law countries, conversely, often

24 Dusollier at al. ' Contractual Arrangements Applicable to Creators: Law and Practice of Selected Member States', [2014] EU Directorate General For Internal Policies (PE 493.041), 77 available at http://www.keanet.eu/wp-content/uploads/IPOL-JURI_ET2014493041_EN.pdf (accessed 10-03-18)

the legislator intervenes to protect the weakest party. For example, if no specific term is indicated in the publishing agreement, the author can, in some countries, refer to the law. In a few of the countries examined by this study, a term of 2 years is assigned to the publisher to fulfil her contractual obligation, failing which, the author can recover her rights and sue the publisher for damages. Thanks to the influence of Civil Law countries on EU law, contract law scenario is nowadays less diverse. Consumer protection for example is fairly harmonized at EU level thanks to the e-commerce directive, which substantially limits contractual freedom. Some authors argue that the same principles of contract law and competition law should inform copyright law. Sganga and Scalzini for example have elaborated the doctrine of Copyright Misuse, which welcomes the application of the doctrine of rights' abuse to copyright matters, in line with -they argue- an emerging trend of the CJEU.[25] In truth, world-wide commercial practices (stemming from the ancient Lex Mercatoria) are rather harmonized. We can therefore refer to general principles of contract law to assess prospective regulation of performances and lack thereof in copyright contracts. For example, definition of non-performance can be as follows:

> "(a) If a party's failure to perform its obligation amounts to a fundamental non-performance, the other party may terminate the contract.
>
> (b) The right of a party to terminate the contract is exercised by notice to the other party.
>
> (c) If performance has been offered late or otherwise does not conform to the contract the aggrieved party will lose its right to terminate the contract unless it gives notice to the other party within a reasonable time after it has or ought to have become aware of the offer or of the non-conforming performance.
>
> (d) Termination of the contract releases both parties from their obligation to effect and to receive future performance.
>
> (e) Upon termination of the contract either party may claim restitution of whatever it has supplied, provided that such party concurrently makes restitution of whatever it has received. If restitution in kind is not possible or appropriate allowance should be made in money whenever reasonable. However, if performance of the contract has extended over a period of time and the contract is divisible, such restitution can only be claimed for the period after termination has taken effect.
>
> […]"[26]

Moreover

> "A non-performance of an obligation is fundamental to the contract if:
>
> (a)strict compliance with the obligation is of the essence of the contract; or […]

[25] C. Sganga and S. Scalzini, 'From Abuse of Right to European Copyright Misuse: A New doctrine for EU Copyright Law', International Review of Intellectual Property and Competition Law (IIC), 2017, vol. 48(4), pp.405-435, 29

[26] No. VI.1 - Termination of contract in case of fundamental non-performance; https://www.trans-lex.org/942000 (Trans-Lex is a free research and knowledge platform for transnational law.- accessed 15-03-18)

(3) The aggrieved party will lose the right to specific performance if it fails to seek it within a reasonable time after it has or ought to have become aware of the non-performance."

These contractual principles can apply to a classic copyright grant contract as follows: the publishing or otherwise dissemination from the exploiter is the essence of the contract. If the book is out of commerce, the performance of the exploiter is not under way. If we cannot presume a failed performance, we can certainly presume an excessive delay in the performance, especially in the case of Orphan Works that have been out of commerce for a substantial period of time. In the case of failed or excessively delayed performance, the aggrieved party (the original owner of copyright: the author) can claim termination of contract. The termination of contract entitles both party to claim whatever they have supplied under the contract.

Until here contract law seems to help our case greatly. However, there is an important feature of the above regulations: any termination or reversion of rights is subject to a notice from the aggrieved party (in our case, the author). Unfortunately we do not have a way to presume that authors will have exercised their right to send a notice, hence terminating the contract and reverting their rights. However, business practices examined below together with relevant case law tell us that both authors and judges find that it would clearly be in the interest of the first owner to revert her rights in the case of non-publication or non-dissemination of her work.

4. The role of business practices

In a publishing or production contract, by business practice, copyright economic rights are normally transferred from the author of the work to an economic exploiter (publisher/ producer). More and more authors associations have been advising their members to include in their publishing agreements a clause that provides for the reversion of copyright economic rights after a given time or following inactivity from the publisher.

Although a comprehensive comparative studies of publishing contracts is out of the scope of this study, it is useful to note that at the very beginning of 2016 the US Author Guild, together with the Society of Authors (UK), the Authors Licensing and Collecting Society (UK),the Australian Society of Authors, the Writers' Union of Canada, the Société des Gens de Lettres (France), the Federazione Unitaria Italiana Scrittori (Italy), and many other writers, photographers and illustrators societies from the US and Western Europe[27] have published an open letter to publishers to ask for fairer contractual provisions. Among these, they state that "They [the authors] should be able to get the rights back when the publisher stops supporting a book".[28]

[27] The Authors Guild Asociación Colegial de Escritores Traductores (Spain); American Photographic Artists; American Society of Media Photographers; Australian Society of Authors; Authors Licensing and Collecting Society (UK); Canadian Authors Association; Conseil Européen des Associations de Traducteurs Littéraires (Belgium); Conseil Permanent des Écrivains (France); Federazione Unitaria Italiana Scrittori (Italy); Garden Writers Association; Graphic Artists Guild; Horror Writers Association; Irish Writers Union ;Science Fiction and Fantasy Writers of America; Société des Gens de Lettres (France); Mystery Writers of America; National Association of Science Writers; National Writers Union; Sisters in Crime; The Society of Authors (UK); Society of Children's Book Writers & Illustrators; Sudanese Writers Union; Union des Écrivains et des Écrivains Québécois (Canada); Western Writers of America; The Writers' Union of Canada Zimbabwean; Academic and Non-Fiction Authors Association (Note: where not otherwise specified, the union is from the US).

[28] The Authors Guild, Inc and others, 'AN OPEN LETTER TO MEMBERS OF THE ASSOCIATION OF AMERICAN PUBLISHERS FROM THE AUTHORS GUILD, MEMBERS OF THE AUTHORS COALITION, AND MEMBERS OF THE

In the UK, the Court of Appeal, confirming the first-degree judgement, ruled in favour of copyright reversion. Lord Justice Mummery found no obstacles a partial assignment of copyright for an undetermined period. Interestingly, he also found no objection to an automatic copyright reversion at a future unknown date.[29] In the US, the New York District Court found that the right to "print, publish and sell the works in book form" in publishing contracts does not include the right to publish the works in digital form, unless otherwise specified. Therefore, the author can retain her rights to the digital form of her works.[30] This is very interesting for our discourse on Orphan Works, whose seasoned nature make us presume that their publishing contracts did not include terms on the exploitation of digital versions of the underlying work.

As another instance, the standard publishing contract posted on the website of the Association of Writers of Catalunya includes a reversion of rights clause: 2 years (or any other time agreed upon) following first publication of the work, the author may “terminate” the contract for any means of exploitation that have not been “used” (by the publisher) if there is an offer (by a third party) to conduct that exploitation -in the specific means not exploited so far- (the offer must be done in writing). Even then, the author agrees to grant the publisher a “preferential right” to conduct that exploitation (in the specific means not exploited so far). [31]

However, since Orphan Works are mostly antique works no longer in commerce owned by museums and archives, current business practices are less relevant for our investigation than the practices of the past. A systematical analysis of historical business practices among several countries has never been performed, and it will require further research. However, excellent research on this point has been performed on the UK and the US. Lionel Bently and J Ginsburg authored a comprehensive historical study on copyright practices starting with the Statute of Anne. They find the while reversionary rights were in the statutes for a large time-span, there is little evidence that they have been used by authors.[32] The subsequent conclusion is that a better legislative path should involve regulating contracts of copyright transfer rather than copyright reversionary rights. This conclusion (recommending legislative action on copyright contract) at the EU level was reached also a few years ago by the previous study by Guibault and Hugenoltz.[33]

While the need for regulating copyright contract is shareable, this conclusion would not help our case, for two reasons: First, greater reflections should have been given to the revolutionary changes that the copyright scenario has undergone from the end of the reversionary norms in the statutes (half end of the XX century). When the period covered by the study by Bently and Ginsburg started (1814-1978), copyright was hardly applied to other than printed books and music scores. Towards the end of this time-frame, motion pictures emerged, but at the time directors and other authors were still considered as technicians: copyright was owned by the producers.[34] Since then, we

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INTERNATIONAL AUTHORS FORUM, January 5, 2016, available at https://www.authorsguild.org/wp-content/uploads/2016/01/AAP-Open-Letter_Final-UPDATED-With-Logos1.pdf (accessed 12-03-18)

[29] *Crosstown Music Company 1 LLC v Rive Droite Music Ltd and others [2010] EWCA Civ 1222, 2 November 2010*

[30] *RANDOM HOUSE v. ROSETTA BOOKS, No. 01 CIV. 1728(SHS) United States District Court, S.D. New York, July 11, 2001*

[31] This paragraph is kindly provided by Raquel Xalabarder.

[32] Bently and Ginsburg 2010 supra n. **Error! Bookmark not defined.**,

[33] Guibault and Hugenholtz 2002, supra n. 23, 155.

[34] P. Decherney, *Hollywood's Copyright Wars: From Edison to the Internet* (Columbia University Press : New York 2012), 148

witnessed a rocketing rise in: a) number of potential rightsholders, b) number of works susceptible of copyright protection, c) number of ways of exploitation (including even 'currently unknown ways'). The evolution of technology gave our era, unlike the previous one, the possibility of giving not one, but potentially infinite ways to exploit a work. It is in this profoundly mutated scenario that 'modern' reversionary right should be considered. Secondly, legislative action on contractual arrangements (as well as 'traditional' reversionary rules) would bring little help to the case of Orphan Works, involving millions of artefacts of the past. Conversely, automatic or presumed copyright reversion could have a resolutive impact on the matter, as we will argue further below.

5. The role of General Principles of Law

The principle that a right that is not be used is lost by its owner is well established both within and outside intellectual property. For the principles of Land Law, a property that is not used by its owner, and it is used by another, changes hands after the lapse of a certain time. In patent law and trademark law similar principles apply.[35] Ownership can be asserted and presumed, in both physical and intellectual property.

Art 15 of the Berne Convention, the first international treaty regulating copyright matters, established a form of presumption of authorship. It states:

> *(1) In order that the author of a literary or artistic work protected by this Convention shall, in the absence of proof to the contrary, be regarded as such, and consequently be entitled to institute infringement proceedings in the countries of the Union, it shall be sufficient for his name to appear on the work in the usual manner. This paragraph shall be applicable even if this name is a pseudonym, where the pseudonym adopted by the author leaves no doubt as to his identity.*
>
> *(2) The person or body corporate whose name appears on a cinematographic work in the usual manner shall, in the absence of proof to the contrary, be presumed to be the maker of the said work.*
>
> *(3) In the case of anonymous and pseudonymous works, other than those referred to in paragraph (1) above, the publisher whose name appears on the work shall, in the absence of proof to the contrary, be deemed to represent the author, and in this capacity be shall be entitled to protect and enforce the author's rights. The provisions of this paragraph shall cease to apply when the author reveals his identity and establishes his claim to authorship of the work.*
>
> *(4) (a) In the case of unpublished works where the identity of the author is unknown, but where there is every ground to presume that he is a national of a country of the Union, it shall be a matter for legislation in that country to designate the competent authority who shall represent the author and shall be entitled to protect and enforce his rights in the countries of the Union.*
>
> *(b) Countries of the Union which make such designation under the terms of this provision shall notify the Director General by means of a written declaration giving full information*

[35] Kretschmer 2012, supra n. 4, 3.

concerning the authority thus designated. The Director General shall at once communicate this declaration to all other countries of the Union.

This article clarifies that whoever is indicated as the author of a work is presumed to be the author of said work. It is important to bear in mind that these norms have been implemented and are consensually applicable within all countries signatories of the Berne convention.[36] This particular piece of law is meant to facilitate the identification of the first author of a work, and also the person having standing in court in the case of copyright infringement. How this applies to Diligent Search? The norm unequivocally identifies the first owner of a work, but what does this tell us about the person that owns the economic rights for said work?

To answer this question, we need to bear in mind the most common characteristics of an Orphan Work. If a work, albeit old, is still in commerce, it is hard to imagine how a right holder (or somebody claiming to be the right holder - which is equivalent for diligent search purposes)[37] cannot be located. If the work is no longer in commerce, and if we can presume that the first owner has exerted the Reversionary Copyright that was in force in the country of origin in the relevant time-frame-, this could greatly facilitate the work of the cultural institution seeking right clearance. Conversely, 'use it or lose it' rules (from copyright or contract law) could be applied, if we could presume that the original owner has actioned her rights of termination of contract following the lack of activity of the exploiters, as was her best interest. Obviously, the difficulty with both these options is that we need to assume that the original owner has taken action (judicial or extra-judicial, depending on jurisdiction); this is not in the current legal framework. However, a jurisprudential interpretation in this sense (presumption until proven the contrary, or *juris tantum*) or a prospective legislative action (presumption assumed by law, or *juris et de jure*) could greatly help our case.

6. Conclusion: How Can Reversionary Copyright Help?

The analysis above suggests that a substantial part of current Orphan Works (certainly a large majority) is impacted by some form of reversionary rights. The question is what kind of impact they have. We start from the assumption that not all Out of Commerce works are Orphans, but surely all Orphan Works are Out of Commerce. It is also reasonable to assume that for works normally out of commerce the author or her heirs are either not interested or they are unaware of their rights. In most case, therefore it is highly unlikely that they will have actioned their reversionary rights. At the same time, it is reasonable to assume that if the author or heirs were interested or aware of the existence of their rights they will probably be delighted to have their copyright back, if this does not involve effort or costs.

We have seen above that the transfer of rights usually takes place in view of the commercialization of the work. We also have seen that, in the absence of proof of action by the original owner (the author) once the commercialization has ceased, it is very likely that the right has been retained by the exploiter. Finally, we have seen that for specific type of works (audio-video, phonograms) the copyright usually remains with the exploiter (except music for films), even when the work has ceased

[36] Berne Convention for the Protection of Literary and Artistic Works, September 9, 1886, 828 U.N.T.S. 221 (revised July 24, 1971 - Paris) at http://www.wipo.int/treaties/fr/ShowResults.jsp?treaty_id=15 (accessed 15-03-18). This treaty has currently 184 Signatory Countries.

[37] It is not the place of a person/institution carrying out a diligent search to investigate the subsistence and periodicity of rights ownership. This standing belongs to somebody claiming ownership on the same work.

to be exploited. This could help our cultural institution carrying out diligent search because the exploiter (as the author) is usually indicated on the work. If the cultural institution had only to seek for one right holder (the publisher) this will reduce the costs of diligent search, and in general of rights clearance. However, the practice suggests that transferred economic rights can change many hands along the life of a product. Production companies are often short-lives and pass onto other production companies their rights. When it comes to right clearance the quest for the final right holder can be daunting. Moreover, we have seen above that the terms for reversionary copyright vary a lot, from 2 years to 50/56 years after the delivery of the work to the exploiter,[38] which, for the purposes of Diligent Search, is not a date easy to discover (as opposed to the death of the author, which can be easier to find). Moreover, there is no way to discover whether the notice of termination has been served by the author.

It is therefore useful to consider different solutions. We will try and analyze the problem from the opposite angle. We have hitherto assumed that the author did not exert her right to reversion. What if we assume that it is reasonable that the author would like to have back her works, which are laying forgotten in the basement of an archive or museum and which could have a second life?

The research we have performed with the help of our 20 correspondents from different countries and the cited previous research country suggests that a reversionary copyright exists, and it cover a substantial time-space area relevant for Orphan Works. Contract law and principles of protection of the weaker part of the negotiation suggest that reversion of rights in the absence of the due performance of the exploiter are an equitable solution.[39] Moreover, more recently legislators are becoming increasingly aware of the unbalance between authors and exploiters in copyright, following increasing systematic and in-depth research from copyright scholars.

Martin Kretschmer has argued for a statutory term of 10 years of copyright assignment, after which the right would revert to the author. He convincingly argued that this would not override current norms on copyright terms[40] and suggested a number of legal features[41] that will not contrast with current copyright law and general principles.[42] Indeed, use-it or lose it principles are already part of the copyright scenario: according to the EU Term Directive (Article 3.2a), recording artists have a non-waivable right to recover their rights 50 years after the publication of their record, in the case of inertia of the exploiter (the record producer).[43]

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[38] 56 years from the grant of Copyright in the United States.

[39] Towse 2018 supra n. 22 , 2.

[40] Term directive 20011 for performers. See Dusollier et al 2014 supra n. 24, 12.

[41] Kretschmer 2012 supra n. 4. The author recommends: “Automatic reversion "notwithstanding any agreement to the contrary"; Continued exploitation of derivative works created prior to term reversion; Special arrangements for works first owned by corporate authors; Provisions to solve the coordination problem for works of multiple authorship ("Where the authors are unable or unwilling to act in concert, the rights must be vested in a collecting society"); (Opt-out) licensing schemes for works demonstrably published before a certain date.

[42] Kretschmer 2012, ibid, 48.

[43] EU “Term of Protection Directive” (Article 3.2a) states: “If, 50 years after the phonogram was lawfully published or, failing such publication, 50 years after it was lawfully communicated to the public, the phonogram producer does not offer copies of the phonogram for sale in sufficient quantity or does not make it available to the public, by wire or wireless means, in such a way that members of the public may access it from a place and at a time individually chosen by them, the performer may terminate the contract by which the performer has transferred or assigned his rights in the fixation of his performance to a phonogram producer (hereinafter a ‘contract on transfer or assignment’). The right to terminate the contract on transfer or assignment may be exercised if the producer, within a year from the notification by the performer of his

Séverine Dusollier and others have carried out a some research on contractual terms in Europe, commissioned by the EU Parliament Directorate General for Internal Policies, in view of the new proposal for a copyright directive.[44] They explicitly recommended to introduce by EU law -and therefore harmonize- both 'use it or lose it' rules and the principle of reversion, actionable by the first owner. The authors of this report also recommended that copyright transfer be limited in time, so to allow for renegotiation of the contract terms. Only this latter recommendation (among the three mentioned) made it to the new proposal for a copyright directive (art 14).[45]

Paul Heald has empirically demonstrated that works (in the case of his research, books) that are subject to reversionary copyright are significantly more available to the public (for sale) than books that are not.[46] His research compared the availability on Amazon.com of books to which statutory reversionary copyright was applicable under US legislation with books to which these norms were not applicable. He finds that the share of books to which the reversion was applicable after 35 years[47] are significantly more available then 'non-reversible' books. Moreover, he finds that after the seminal decision in *Random House v. Rosetta Books* in 2002, which in practice state the possibility to revert the rights to the author for e-books, all literary works in his sample were significantly more available to *the* public. However, he also found that the 56 years reversion provided by Paragraph 304[48] did not have any impact on the availability of the relevant share of books.

While the above are extremely valid and useful recommendations, until reversionary copyright remains subject to an active action of the first owner, they would not have a substantial impact on the case of Orphan Works, where the authors or her heirs are likely to be unaware of their rights. Conversely, an automatic reversionary copyright as the one theorized by Kretschmer[49] has the benefit of pointing to the author, without the need for action from her or her heirs. This in turn will mean that a cultural institution carrying out a Diligent Search will only have to search for the author, without further search for subsequent and dependent owners.

The practice of right clearance shows that finding people is substantially easier than finding the last of a string of subsequent incorporations. Claudy op den Kamp, and expert of cultural heritage, has reported in detail the case study of right clearance of an old film, which she carried out on behalf of a cultural heritage institution. While she succeeded in locating the last surviving author fairly soon in the process, she only managed to retrace the last right of the production ownership after seven months of attempts: and even then to no avail, as the original production company and the following

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intention to terminate the contract on transfer or assignment pursuant to the previous sentence, fails to carry out both of the acts of exploitation referred to in that sentence. This right to terminate may not be waived by the performer. Where a phonogram contains the fixation of the performances of a plurality of performers, they may terminate their contracts on transfer or assignment in accordance with applicable national law. If the contract on transfer or assignment is terminated pursuant to this paragraph, the rights of the phonogram producer in the phonogram shall expire."

[44] Dusollier 2014 supra n. 24

[45] Proposal for a Directive of the European Parliament and of the Council on copyright in the Digital Single Market - COM(2016)593

[46] P. Heald '*Copyright reversion to authors (and the rosetta effect): an empirical study of reappearing books* (2017) available on http://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=227781 (accessed 10-03-18)

[47] 17 USC § 203

[48] 17 USC § 304. See above, section 2

[49] Kretschmer 2012, supra n. 4

acquirer of the rights had been in turn absorbed by a big production company that was not interested in investing efforts to locate the relevant documents in their large archive.[50]

In truth, caution has been expressed by Dusollier on the implementation of harmonized RC for legal reasons (limits to freedom of contract)[51] and by Towse,[52] Karas and Kirstein[53] for economic reasons. The latter, in particular, warns that Reversionary Copyright could push publishers/ exploiters to offer lower remuneration to compensate the risk of reversion.[54] However, by admission of these authors,[55] empirical research is needed to support this assumption. Existing empirical research merely focuses on artists, therefore data on the publishers is needed to complete the picture. Moreover, research on reselling rights, which has a similar rationale to Reversionary Copyright, in that it involves an increased risk for the exploiter, shows that this has had no impact on artist revenues.[56] Interestingly moreover, Karas and Kirstein in their conclusion suggest some support from the artists for the new provisions of German Copyright law cited above,[57] despite the risks of lower revenues. Artists seem to be more interested in retaining control on their works than earning more money. This is in line with the findings of previous studies on artists revenues and their impact on copyright incentives.[58]

A legislatively courageous solution would involve enacting harmonized *automatic* reversionary copyright by EU directive *with retroactive effect*. In alternative, a more nuanced solution could consist in interpreting the current legislation with the presumption that a reversionary rights or contract termination has been exerted by the original owner, in the absence of a proof of the contrary. A form of revision of rights in the form of renegotiation after a given time is already part of the proposed copyright directive.[59] However, despite the recommendation of the doctrine. As it is, it has the potential for solving the problems of future Orphan Works, but it will leave their greatest share in the basements of archives and museums.

In essence, the 'use it or lose it' principle, instead of requiring action from the original copyright owner, could be triggered by the inactivity of the exploiter of the economic rights, automatically. This will greatly benefit Diligent Search for orphan works because it would free the cultural heritage institution from chasing a potentially endless string of subsequent exploiters (in the case of out-of-

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[50] See C. Op den Kamp, 'The Adventures of Film Right Clearance', Masterclass delivered at CIPPM, Bournemouth University on the 9th of March 2018. Presentation on file with the author. See also generally C Op den Kamp, The Greatest Films Never Seen: The film archive and the copyright smokescreen (CUP 2017)

[51] Dusollier 2014 supra n. 24 at 77.

[52] Towse 2018 supra n. 22.

[53] Supra n. 21.

[54] Towse 2018, supra n. 22, 19; also this point is theoretically demonstrated by Karas and Kirstein 2017 supra note 21.

[55] Ibid.

[56] K. Graddy, N. Horowitz and S. Szymanski A STUDY INTO THE EFFECT ON THE UK ART MARKET OF THE INTRODUCTION OF THE ARTIST'S RESALE RIGHT (2008) available on http://people.brandeis.edu/~kgraddy/government/ARR_Finalnc.pdf ; For the comparison between the rationale of the two instances (reselling rights and reversionary copyright) see Towse 2018 supra n. 22, at 19.

[57] M. Karas and R. Kirstein supra note 21

[58] M. Kretschmer 'Artists' earnings and copyright: a review of British and German music industry data in the context of digital technologies' (2005) First Monday, 10 (1) cited by Towse 2018, supra n. 22, 20.
This study found that 43% of the interviewed artists managed to renegotiate their contractual conditions for the best after a given time.

[59] Article 14, of the Proposal for a Directive of the European Parliament and of the Council on copyright in the Digital Single Market - COM(2016)593.

business companies, merging and acquisitions, etc.) and it will limit the search to one person (or a definite number of persons in case of collaborative works or films). This will in turn reduce the number of sources that will have to be consulted to carry out the search and facilitate a prospective automatization of the process. In conclusion, a presumption of copyright reversion to the author should be considered among the various policies intended to resolve the difficult problem of Orphan and Out-of-Commerce copyright works.