

# ***Golan v. Holder*: A Catalyst for Orphan Works Legislation?**

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James Trigg and Phillip Rosenberg

On Jan. 18, 2012, the U.S. Supreme Court issued a 6-to-2 decision in *Golan v. Holder*, \_\_\_ S. Ct. \_\_\_\_, No. 10-545, 2012 WL 125436 (U.S. Jan. 18, 2012), ruling that the Uruguay Round Agreements Act of 1994 (the “URAA”) — which restores U.S. copyright protection for certain foreign works formerly in the public domain — fits within Congress’ constitutional authority to “adjust copyright law to protect categories of works once outside the law’s compass.” *Golan*, 2012 WL 125436, at \*11. *Golan*, like *Eldred v. Ashcroft* before it, solidifies the constitutional authority of Congress under the Copyright Clause to control the terms and duration of U.S. copyright protection.

Following the Court’s decision in *Golan*, anyone wishing to use foreign works first published abroad between 1923 and 1989 may face increased cost and risk. Some of the renowned authors and creators whose works were first published abroad in this time period — and whose works enjoy restoration under the URAA — include M.C. Escher, Federico Fellini, Maxim Gorky, Alfred Hitchcock, C.S. Lewis, Vladimir Nabokov, George Orwell, Sergei Prokofiev, Pablo Picasso, Dmitri Shostakovich, Alexander Solzhenitsyn, J.R.R. Tolkien, and Virginia Woolf.

In this article, we first revisit the legal backdrop to § 514 of the URAA, the statutory provision at issue in *Golan*, which we follow with a review of the *Golan* decision itself. Next, we proceed with an analysis of *Golan*’s potential legal and economic ramifications for businesses relying on the restored works impacted by *Golan*. Our article then concludes with a brief discussion of *Golan*’s potential fallout, namely, increased pressure on Congress to enact reforms for “orphan works,” which are older and more obscure works with minimal commercial value that have copyright owners who are difficult or impossible to track down. *Golan*, 2012 WL 125436, at \*26 (Breyer, J., dissenting).

## **THE STATUTORY BACKDROP TO *GOLAN***

The *Golan* story begins in 1989, when the United States joined the Berne Convention copyright treaty. Until 1989, the United States remained outside the Berne convention, granting copyright protection only to those foreign authors whose countries granted reciprocal right to U.S. authors and whose works were printed in the United States within the notice, registration and renewal strictures of U.S. copyright law. *Golan*, 2012 WL 125436 at \*4. In 1889, the United States became a party to Berne’s formality-free copyright convention, but it only did so halfheartedly. With the Berne Convention Implementation Act (the “BCIA”), Congress adopted a “minimalist approach” with respect to foreign work protection. *Id.* Upon enactment, the BCIA began protecting works first published in other Berne Convention member countries prospectively, without regard to the copyright formalities of notice, registration and renewal made obsolete by the BCIA itself. Congress was not prepared, however, to accord protection retroactively to any foreign work that was then (in 1989) in the public domain in the United States even if the copyrights for such foreign works were still valid and subsisting in their country of origin. *Id.* This incongruity in U.S. treatment of foreign works conflicted with the rules of Berne Convention, which required all member states to treat authors from other member countries as well as they treat their own. *Id.*

The advent of the World Trade Organization (the “WTO”) and the Trade-Related Aspects of Intellectual Property Rights (“TRIPS”) in 1994 changed things. *Id.* at \*5. Under threat of retaliatory action by the WTO, the U.S. government passed the Uruguay Round Agreements Act of 1994, which “restores” U.S. copyright protection to valid foreign copyrights first published abroad, but which languished in the U.S.

public domain due to obsolete legal requirements that the BCIA had abolished in 1989. Section 514 of the URAA, which is codified at 17 U.S.C. § 104A, 109(a), grants U.S. copyright protection to foreign works of Berne member countries still protected in their country of origin, but which fell into the U.S. public domain on one of three bases: 1) at the time of the works' first publication, the United States did not protect works from their country of origin; 2) the United States did not protect sound recordings fixed before 1972; or, 3) the author had failed to comply with U.S. copyright formalities (notice, registration, or renewal).

Appreciating that § 514 could have a profound impact on numerous parties in the United States, Congress imposed no liability for any use of the foreign works occurring before restoration. Additionally under § 514, "reliance parties" who had before the URAA's enactment used or acquired a foreign work then in the public domain, 17 U.S.C. § 104A(h)(3)-(4), are provided the opportunity to continue to exploit a restored work until the owner of the restored copyright gives notice of intent to enforce. *Id.* § 104A(c), (d)(2)(A)(i), and (B)(i). This can be accomplished either by filing with the U.S. Copyright Office within two years of restoration, or by actually notifying the reliance party. *Id.* After notice is provided, reliance parties may continue to exploit existing copies for a grace period of one year. *Id.* § 104A(d)(2)(A)(ii) and (B)(ii). Finally, anyone who before the URAA's enactment created a "derivative work" based on a restored work may indefinitely exploit the derivation upon payment to the copyright holder of "reasonable compensation" to be set by a district judge if the parties cannot agree. *Id.* § 104A(d)(3).

### **GOLAN V. HOLDER**

In 2001, a number of orchestra conductors, musicians, publishers and the like who formerly enjoyed access to public domain foreign works, which § 514 restored, filed suit challenging the constitutionality of § 514. The petitioners argued that Congress had exceeded its Copyright Clause authority when it enacted § 514 because, by restoring affected foreign works to U.S. copyright status, Congress violated the "limited [t]imes" restriction of the Copyright Clause "by turning a fixed and predictable period into one that can be reset or resurrected at any time, even after it expires." *Golan*, 2012 WL 125436 at \*6 (citing Petitioners' Brief). The *Golan* Court rejected the petitioners' argument by relying on historical precedent, including the Court's decision in *Eldred v. Ashcroft*, 537 U.S. 186 (2003), to show that Congress had exercised its constitutional authority numerous times to restore copyright rights as it saw fit.

In *Eldred*, the Court considered whether Congress had violated the Copyright Clause when it extended the term of existing copyrights by 20 years with the passage of the Copyright Term Extension Act (the "CTEA") in 1998. The *Eldred* Court held that the CTEA did not exceed Congress' constitutional bounds because the Copyright Clause's "limited times" language means "confine[d] within certain bounds," "restrain[ed]," or "circumscribed," but not "fixed" or "inalterable," as the *Eldred* petitioners, and the *Golan* petitioners here, argued. *Eldred*, 537 U.S. at 199. The petitioners also argued that taken to their logical conclusion, *Eldred*, and now *Golan*, permit Congress to legislate in installments to achieve perpetual copyright protection for any and all works. The Court deflected this contention, replying that Congress' purpose behind § 514 was to align the United States with the legal obligations of other member states in the Berne Convention. *Golan*, 2012 WL 125436 at \*7. The *Golan* Court also dispensed with the petitioners' argument that § 514 does not further the purpose behind the Copyright Clause (i.e., "to promote the Progress of Science"). The petitioners interpreted this phrase to mean promoting incentives for creating new works, while the Court interpreted this language to mean promoting the dissemination of works. *Id.* at \*9. In this respect, the Court found that Congress had reason to believe that full compliance with Berne would expand the foreign markets available to U.S. authors (thereby promoting the dissemination of works) and increase foreign enforcement against piracy of U.S. works abroad. *Id.* The Court urged that full compliance with Berne would ultimately result in the creation of new works, according to the interpretation that petitioners urged, because increased enforcement abroad would protect U.S.-based industries heavily reliant on copyright use and would spur more investment in creative processes. *Id.* The dissent endorsed the petitioners' arguments instead, characterizing the retroactive effect of § 514 of the URAA to be about "how to obtain more money from the sales of existing products. It is not an argument about a public benefit, such as how to promote or to protect the creative process." *Id.* at \*30 (Breyer, J., dissenting).

The petitioners also argued that restoration under § 514 violates the First Amendment rights of parties using the subject foreign works that were previously free to access in the public domain. However, the

Court declined to adopt such a broad reading of § 514 and maintained that petitioners' First Amendment rights are still protected by copyright's idea/expression dichotomy (codified at § 102(b) of the Copyright Act) and the fair use defense (codified at § 107 of the Copyright Act).

## **RAMIFICATIONS OF GOLAN**

Post-*Golan*, parties seeking to exploit foreign works first published between 1923 and 1989 face the following choices: 1) license their intended use; 2) confine their exploitation to fair use; 3) assume the risk of a copyright infringement claim by proceeding without a license; or 4) avoid these works (and their value) altogether. The net impact on the U.S. marketplace is likely to be felt in different ways, not the least of which in the price and availability of concerts, operas, plays, and other uses incorporating foreign works first published during this 1923-1989 time frame. School orchestras, nonprofit organizations, and other parties with limited budgets intending to use these restored foreign works may altogether abandon their use. *Golan*, 2012 WL 125436, at \*26 (Breyer, J., dissenting) ("If a school orchestra or other nonprofit organization cannot afford the new charges, so be it.").

*Golan* is also likely to impact in-house legal departments at cultural and artistic institutions and in the entertainment, media, and information industries tasked with clearing the rights to content relying upon older foreign works. The administrative costs can include: 1) investigating whether the proposed foreign work is the subject of a restored copyright; 2) identifying the proper copyright claimant(s); 3) engaging local counsel to provide opinion on the workings of applicable local copyright law; and 4) negotiating licensing fees with the foreign copyright claimant (or its agent). Justice Stephen Breyer's dissent acknowledged these practical considerations:

Consider the questions that any such individual, group or institution usually must answer: Is the work eligible for restoration under the statute? If so, who now holds the copyright — the author? an heir? a publisher? an association? a long-lost cousin? Whom must we contact? What is the address? Suppose no one answers? How do we conduct a negotiation? *Golan*, 2012 WL 125436, at \*905 (Breyer, J., dissenting).

Due diligence can quickly become a Herculean task in the absence of an established agent or publisher representing that it holds the necessary licensing rights to the restored works in question.

Given that the Supreme Court has now dispensed of any constitutional infirmity arguments against § 514 of the URAA, insurance carriers underwriting coverage for potential copyright-related claims may now have an impetus to readjust their rates to account for the increased risk that foreign claimants may suddenly appear with a colorable claim against the insured.

## **ON THE HORIZON: ORPHAN WORKS LEGISLATION?**

Having concluded that Congress acted within its authority in passing § 514, the *Golan* majority hints that it is now incumbent on Congress to fix the orphan works problem: "Congress has not yet passed ameliorative orphan-works legislation of the sort enacted by other Berne members ... " *Golan*, 2012 WL 125436, at \*12. The majority cites to the Canadian model, for example. See Canada Copyright Act, R.S.C., 1985, c. C-42, § 77 (authorizing Copyright Board to license use of orphan works by persons unable, after making reasonable efforts, to locate the copyright owner). The *Golan* dissent underscores the orphan works problem in the European Union alone: There are 13 million orphan books in the European Union (13% of the total number of books in-copyright there), 225,000 orphan films in European film archives, and 17 million orphan photographs in United Kingdom museums. *Golan*, 2012 WL 125436 at \*26 (Breyer, J., dissenting).

Because the United States now operates in an international copyright regime of reciprocal rights with 163 other nations, *Golan*, 2012 WL 125436, at \*4, foreign orphan works long since published and protected under U.S. copyright law are unquestionably a problem for U.S. citizens desiring to use these works. *Golan* further compounds the enormity of this problem and increases the urgency for reform in this area. Indeed, the *Golan* majority even acknowledges *Golan* may accelerate a legislative response to the

orphan works predicament: “Our unstinting adherence to Berne may add impetus to calls for the enactment of [orphan work] legislation.” *Id.* at \*12. Congress likely will need to enter the copyright fray once again, this time to balance the rights of domestic and foreign orphan work owners with numerous stakeholders looking to use those works without having to operate in a legal gray area and subject themselves to potential litigation.

**James Trigg** is a partner in the Atlanta office of Kilpatrick Townsend & Stockton, LLP. **Phillip Rosenberg** is an associate in Kilpatrick Townsend & Stockton’s New York office.

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