Directors Guild of America, Inc.

NATIONAL OFFICE • 7920 SUNSET BLVD. • LOS ANGELES, CA 90046 • 310-289-2000 • FAX 310-289-2029
• 110 WEST 57TH STREET • NEW YORK, NY 10019 • 212-581-0370 • FAX 212-581-1441
• 400 N. MICHIGAN AVE., SUITE 307 • CHICAGO, IL 60611 • 312-644-5050 • FAX 312-644-5776

OFFICERS
PRESIDENT
MICHAEL APTED

NATIONAL VICE PRESIDENT
STEVEN SODERBERGH

SECRETARY-TREASURER
GILBERT CATES

ASSISTANT SECRETARY-TREASURER
SCOTT BERGER

VICE PRESIDENTS
MARTHA COOLIDGE
ED SHERIN
PARIS BARCLAY
MAX A. SCHINDLER
BETTY THOMAS
CASEY CHILDS

NATIONAL EXECUTIVE DIRECTOR
JAY D. ROTH

BOARD MEMBERS
YUDI BENNETT
LEVAR BURTON
GARY E. DONATELLI
CHERYL DOWNEY
TAYLOR HACKFORD
ALEX HAPSAS
VICTORIA HOCHBERG
JEREMY KAGAN
MICHAEL MANN
JOHN RICH
BARBARA ROCHE

ASSOCIATES
HERB ADELMAN
ANITA COOPER-AVRICK
STEPHEN GLANZROCK
KELLY HERNACKI
TOM JOYNER

ALTERNATES
JOHN BADHAM
WILLIAM M. BRADY
ROBERT BUTLER
GLENN GORDON CARON
LESLI LINKA GLATTER
DAVID HAKIM
ROD HOLCOMB
RANDAL KLEISER
CLEVE LANDSBERG
KATHLEEN MCGILL
VINCENT MISIANO
DONALD PETRIE
ELENA SANTABALLA
LEE SHALLAT CHEMEL
TRACEY L. SMITH
MARK S. TRAUB
CARL WEATHERS
EAMES YATES

Associate National Executive Director
WARREN ADLER

Western Executive Director
G. BRYAN UNGER

Eastern Executive Director
RUSSELL HOLLANDER

Midwestern Executive Director
DANIEL J. MOORE

General Counsel
ROBERT S. GIOLITO

113

March 25, 2005

Mr. Jule L. Sigall
Associate Register for
Policy & International Affairs
U.S. Copyright Office
Copyright GC/I&R
P.O. Box 70400
Southwest Station
Washington D.C. 20024

RE: NOTICE OF INQUIRY REGARDING ORPHAN WORKS

Dear Mr. Sigall:

On behalf of the Directors Guild of America ("DGA") I am pleased to submit these comments in response to the Notice of Inquiry on Orphan Works.[1]

Founded in 1936 by the most prominent directors of the period, the DGA today represents over 13,000 directors and members of the directorial team who work in feature motion pictures, television, commercials, documentaries and news. The DGA's mission is to protect the creative and economic rights of directors and members of the directorial team — working to advance their artistic freedom and ensure fair compensation for their work.

We welcome this inquiry into the issue of orphan works.[2] A variety of sources have cited anecdotal evidence to suggest that the inability to license orphan works may constitute a significant problem.[3] However, there has not yet been a comprehensive, objective inquiry into the extent

[1] Federal Register: January 26, 2005 (Volume 70, Number 16).
[2] For the purpose of these comments, we assume the term "orphan work" means a copyrighted work whose owner cannot be located. We do not, however, express an opinion on what test must be utilized to determine whether a copyright owner can be located.
[3] http://www.centerforsocialmedia.org/rock/finalreport.htm; http://www.law.duke.edu/cspd/contest/Winners/index.html.

of the problem. The Copyright Office is to be commended for seeking to develop such a factual record.

Since we do not have knowledge of the extent of the orphan works problem, we do not address that issue in our comments. Rather, we limit these comments to the issue of what legislative, regulatory or other recommendations the Copyright Office should make if it finds the existence of a problem that merits a solution. Further, since our members' expertise and interests relate primarily to motion pictures, we limit these comments to the legislative, regulatory or other recommendations the Copyright Office should adopt with regard to orphan motion pictures.[4]

If the Copyright Office Endorses a Proposal to Increase the Public's Access to Orphan Motion Pictures, the Rights of Directors and Screenwriters Must be Protected

Directors and screenwriters have contractual interests in motion pictures, as well as creative and moral rights, which should be protected if a motion picture is determined to be an orphan work for whatever reason. The names of the director and screenwriter are credited in each motion picture, and a simple administrative process can be established that would enable the public to seek an appropriate license to use the motion picture where the copyright holder no longer exists or cannot be found.

Making Orphan Motion Pictures Available to the Public Could Impinge the Contractual Rights of Creators

Under typical industry practice in the United States, directors and screenwriters are employed by movie studios on a "work for hire" basis; accordingly, they do not hold the copyright to the movie. They do, however, have various economic and creative rights established both in the collective bargaining agreement negotiated by their respective guilds, and in specific contractual arrangements they enter into with the copyright holder.[5] For example, the Directors Guild Basic Agreement with the film and television industry establishes a number of creative rights for directors as the one individual who is in charge of all creative decisions in a film project. Those creative rights extend beyond the theatrical release of the film to include creative participation in subsequent edits of video, television, airline, and foreign market versions of motion pictures. Under the Basic Agreement, the director's creative rights over a motion picture extend to all licensees, assignees and purchasers of a motion picture. In addition, individual directors often negotiate their own contracts with copyright owners that specify still more expansive creative rights in a motion picture.

---

[4] We refer to "motion pictures" as that term is defined in Section 101 of the Copyright Act. Directors Guild of America and Writers Guild of America members are involved with the creation of motions pictures made both for theatrical release and as television programming.

[5] This proposal is limited to directors and screenwriters of motion pictures. It does not include composers because we believe that their ability to collect performance and other royalties for subsequent uses of a musical composition contained in a motion picture is adequately protected by ASCAP, BMI and other organizations.

Similarly, the DGA collective bargaining agreement establishes certain minimum economic benefits that apply to all guild directors working on motion pictures. Directors often negotiate further financial terms specific to each motion picture. As part of the collective bargaining agreement, the Directors Guild and its member directors have a right to the payment of residuals, which are payments to the Guild and to the director from all non-theatrical revenue from the picture in perpetuity. Residual payments from copyright can extend for many years after a motion picture is released as long as the motion picture generates revenues.

In addition, individual directors negotiate their own economic packages called participations, which are also based on a share of revenues earned from the motion picture.

As provided for in DGA's Basic Agreement with the industry, the right of directors to receive residual payments is protected through copyright mortgages recorded at the Copyright Office. These security interests serve as financial assurances to directors that the obligation of copyright holders to pay residuals will extend to whoever earns revenue from the motion picture.

The same type of continuing creative and economic interests exists with respect to screenwriters who are members of the Writers Guild of America ("WGA"). Screenwriters, through their Guild, have a continuing economic interest in residuals established in their collective bargaining agreement, and in participations established through individual contract negotiations. Their interests in residuals are also typically secured through copyright mortgages recorded at the Copyright Office.

If as a result of legislation or regulation, the public is given access to works that are determined to be orphaned it is quite conceivable that such open access would undermine the creative rights and economic interests of the creators of the motion picture, the director and screenwriter. While in some cases a motion picture may be orphaned because the copyright holder determines it has no continuing economic value, or insufficient value to justify the expense of protecting the copyright, the motion picture could still have value to the creators.

Regardless of the interests of the copyright holder in maintaining a copyright, the creators will have a continuing interest in protecting the motion picture from distortion and manipulation in such a way that undermines the creative reputation of the director and screenwriter. Furthermore, while a multinational corporation copyright owner may lose interest in a motion picture producing modest revenue streams, individual directors and screenwriters invariably will attach greater value to maintaining the protection of copyright for such revenues.

It is further worth noting that Congress recently added new protections for the transfer of copyright ownership in a motion picture subjecting the transferees to continuing obligations to make residual payments negotiated under collective bargaining agreements, in section 406 (Assumption of Certain Contractual Obligations) of the

Digital Millennium Copyright Act of 1998.[6] The law imposes such obligations if the transferee knows or has reason to know at the time of the transfer that a collective bargaining agreement was or will be applicable to the motion picture. It would be inconsistent with the purpose behind this recently enacted law for the Copyright Office to propose changes to the copyright law that gives the public access to an orphan work while removing the continuing obligations to make residual payments to the creators.

Making Orphan Motion Pictures Available to the Public Could Impinge the Moral Rights of Creators

Although not firmly established in U.S. law, the Berne Convention's provision on moral rights[7] provides certain protections to creators, including the right of attribution – to receive or decline credit for the work – and the right of integrity – to prohibit distortion or mutilation of the work that would undermine the creators' reputation. Where the United States has enacted specific moral rights protections, in the Visual Artists Rights Act of 1990[8] ("VARA"), it has limited the protection to authors of "works of visual art" and specifically excluded works made for hire. The United States is a signatory to the Berne Convention, and the implications of the limited statutory reach of VARA are not clear, as stated by the Copyright Office in its 1996 study assessing the impact of the waiver provisions contained in the legislation.

> Nations that are members of the Berne Convention for the Protection of Literary and Artistic Works are required to meet a minimum level of protection, as set forth in the Berne Convention's Article 6*bis*. The multilateral treaty does not address waiver of moral rights; waiver is neither sanctioned nor prohibited, and individual member nations may implement the Berne Convention in their own ways. [9]

The study goes on to point out other places where moral rights receive protection in the United States:

> Although moral rights were not recognized in U.S. copyright law prior to the enactment of VARA, some state legislatures had enacted moral rights laws, and a number of judicial decisions accorded some moral rights protection under theories of copyright, unfair competition, defamation, invasion of privacy, and breach of contract. Such cases have continued relevance, not only for historical interest, but also for precedential value because state and common moral rights protection was not entirely preempted by VARA.[10]

---

[6] Public Law 105-304, title IV, §406(a), October 28, 1998.
[7] Berne Convention for the Protection of Literary and Artistic Works, Art. 6*bis.*
[8] Public Law 101-650.
[9] Waiver of Moral Rights in Visual Artworks, U.S. Copyright Office, 1996, Executive Summary at page 2; http://www.copyright.gov/reports/exsum.html.
[10] Executive Summary at page 3.

More recently, in her 2004 testimony before the House Judiciary Committee on the Family Movie Act,[11] the Register of Copyrights alluded to "fundamental principles of copyright, which recognize that authors have moral rights." [12]

The Register also commented that:

> But beyond our treaty obligations, the principles underlying moral rights are important. The right of integrity – the author's right to prevent, in the words of Article 6*bis* of the Berne Convention – the 'distortion, mutilation, or any other modification of, or other derogatory action in relation to [his or her] work, which would be prejudicial to his honor or reputation' is a reflection of an important principle…I can well understand how motion picture directors may be offended when a product with which they have no connection and over which they have no control creates an altered presentation of their artistic creations by removing some of the directors' creative expression. This is more than a matter of personal preference or offense; it finds its roots in the principle underlying moral rights; that a creative work is the offspring of its author, who has every right to object to what he or she perceives as a mutilation of his or her work.[13]

While those views were stated with regard to the ability of companies to market software that edits movies under the Family Movie Act, they are also applicable in the case of orphan works. If the Copyright Office proposes to make orphan works available to the public a user should not have the right to make changes to a motion picture without the ability of the creators to prevent such action.

This discussion is not presented to advance the case for federal legislation firmly establishing that directors and screenwriters have moral rights in the motion pictures they create. The point is that new legislation or regulatory authority which gives the public full, unimpeded access to orphan motion pictures, including the ability to modify the orphan motion picture, implicates important copyright principles that require the interests of directors and screenwriters to be taken into account. The Copyright Office should not pursue a legislative or regulatory solution that gives the public rights in orphan works at the expense of directors and screenwriters.

If Limitations on the Rights of Copyright Holders in Orphan Motion Pictures are Deemed Necessary, DGA Proposes that Directors and Screenwriters be Given the Right to Grant Licenses for Use of Orphan Motion Pictures

The Directors Guild proposes that locatable, credited directors and screenwriters of orphan motion pictures be given the right to grant non-exclusive licenses in those works

[11] H.R. 4586, 108th Congress.
[12] Statement of Marybeth Peters, Register of Copyrights, before the Subcommittee on Courts, the Internet and Intellectual Property of the House Judiciary Committee, June 17, 2004.
[13] Id.

to subsequent users. The creation of such a limited right for directors and screenwriters is easily implemented and well-justified in the case of orphan motion pictures. It will facilitate licensing of orphan motion pictures, while preserving and protecting the interests of directors and screenwriters.

DGA Proposal is Limited to the Licensing of Orphan Motion Pictures

The distinct means of creating and owning motion pictures make them particularly appropriate for the DGA proposal.

Motion pictures are typically created as works made for hire[14] in which the employer rather than the creator takes ownership to the copyright.[15] Thus, the fact that the copyright owner of a motion picture cannot be located has no bearing on whether the creators can be found.

In short, the DGA proposal for allowing the director and screenwriter to license subsequent uses of an orphan motion picture operates uniquely well in the context of motion pictures because they are works made for hire, where copyright ownership is typically separated from creatorship.

Only Directors and Screenwriters Should be Given the Right to Grant Licenses to Use Orphan Motion Pictures

By giving only the credited director and screenwriter the right to grant licenses in orphan motion pictures, we believe that this solution minimizes any potential harm to the interests of both copyright holders in motion pictures and creators, while it also facilitates the licensing and lawful use of orphan motion pictures.

A rule that provides the director and screenwriter with the right to grant licenses for uses of an orphan motion picture solves the primary problem identified with orphan works. It provides those who wish to license use of an orphan work with a mechanism to obtain such a license even though the copyright holder cannot be located. Further, while our proposal contemplates that the director and screenwriter will have the same ability as the copyright holder to grant or deny such licenses, we believe that creation of this mechanism will enhance the availability of orphan motion pictures to the public.

A motion picture that has been orphaned because it has no value to a corporate copyright owner will still have value to the director and screenwriter. As the creators, they have continuing substantial economic and creative interests in the work.

As noted above, modest licensing royalties are likely to be more significant to the individual director and screenwriter than to the corporate motion picture owner. Thus, the creators may have significant pecuniary incentives to grant licenses in orphan works

[14] See, 17 U.S.C. § 101.
[15] See 17 U.S.C. § 201(a) and (b).

while the corporate copyright holder might find the costs of granting such licenses to outweigh the benefits.

As creators, the director and screenwriter are uniquely capable of understanding the needs, financial situation, and creative vision of another creator who wishes to license the use of an orphan motion picture.

Directors and screenwriters are often, if not always, more easily identifiable and locatable than the copyright owner of a motion picture. The directors and screenwriters of a motion picture are prominently listed in the credits of every motion picture giving the public sufficient knowledge from whom to seek the license. Even in the unusual case where the potential user has no access to the motion picture, but somehow knows he or she wants to make use of it anyway, information is available from the DGA and WGA to identify the director and screenwriter. Furthermore, Internet search engines provide voluminous information that identifies the creators of motion pictures.[16]

By contrast, the identity of the copyright holder in a motion picture is not always readily apparent from the motion picture credits. Copyright ownership changes frequently, as could the name of the production company. A common practice in the motion picture industry is to establish a production company for each production of a motion picture. Once the motion picture has been completed, the production company typically transfers ownership of copyrights in a motion picture to one or more other entities, and each entity may receive a different set of rights.[17] Thereafter, due to corporate mergers or asset sales, ownership of the copyrights in a motion picture may change hands several times. Since there is no legal requirement that these transfers of ownership be registered, there may be no public record of the current ownership of a motion picture.

In sum, the creators of a motion picture are eminently more identifiable and locatable than the copyright holder. Therefore, the existence of a problem with locating the copyright owner of a motion picture does not indicate that a similar difficulty will exist with identifying and locating the director and screenwriter.

For all the above reasons, vesting the licensing right with the director and screenwriter of a motion picture will make orphan works more available to the public.

Other Aspects of the DGA Proposal That Facilitates Public Access to Orphan Motion Pictures

To facilitate public access to orphan motion pictures we propose that any single credited director or screenwriter be given the right to grant a non-exclusive license for use of the motion picture. Since motion pictures typically credit separate directors and screenwriters, this approach gives a potential licensee a choice of parties from which to

[16] E.g., The Internet Movie Database at www.imdb.com.
[17] For instance, financiers of a motion picture often agree in advance to separately allocate the rights to North American and European distribution of the motion picture.

obtain a license, and thus increases the likelihood of locating at least one creator who will grant a license.

Providing any director or screenwriter with the right to grant a non-exclusive license mirrors the rights of joint authors under current law. Though the Copyright Act is silent on the issue, several courts have found that joint authors have the right to individually grant non-exclusive licenses as long as they share any royalties generated with, and account to, their co-authors.[18]

We recommend that, once located and contacted, the director and screenwriter should have the same ability as a copyright holder to grant or deny a license. In other words, we do not intend our proposal to operate as a compulsory obligation to license. Even though constituted as a discretionary right, the DGA proposal will greatly facilitate the licensing of orphan motion pictures.

The DGA proposal contemplates that the director and screenwriter be given only a right to grant licenses. We do not propose that the creators become the copyright holder in an orphan motion picture, but they should be able to seek remedies in court to protect against unauthorized use of the orphan work. We also propose that a license from the creators insulate the licensee from potential copyright infringement liability for licensed uses.

The DGA proposes that the right of the director and screenwriter to grant licenses for use of orphan motion pictures be considered a right that is personal to the creators. Thus, the proposal contemplates that the licensing right is non-transferable and non-descendable. While the director or screenwriter may appoint an agent to grant licenses on their behalf, the creators should not be able to sell or otherwise transfer that right to another person.

Any Copyright Office Proposal to Make Orphan Works Available to the Public, Including the DGA Proposal, Should Protect the Continuing Interests of the Copyright Holder

In the event that a copyright holder comes forward to claim ownership of a work that has been identified as an orphan work, procedures should be established for restoring the rights of the copyright holder. In that event, all rights that the creators have in the orphaned motion picture established pursuant to this proposal would be extinguished.

However, any license that the creators grant to a licensee under the orphan works procedures would remain in effect, unless it was granted with knowledge that the copyright holder was still in existence and intended to protect its rights under the copyright.

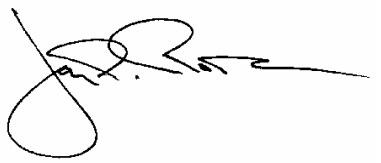
[18] *Shapiro, Bernstein & Co. v. Jerry Vogel Music*, 221 F2d 569 (2nd Cir. 1955), modified 223 F2d 252 (2nd Cir. 1955). *Edward B. Marks Music Corp. v. Wonnell*, 61 F.Supp 722 (S.D.N.Y. 1945).

Conclusion

If the Copyright Office decides to propose a legislative or regulatory initiative to deal with orphan works, it should protect the creative and economic interests of motion picture directors and screenwriters by permitting them to grant non-exclusive licenses for the use of orphan motion pictures. This protection of the rights of creators can be established through a simple process that facilitates the availability of orphaned works to the public, while protecting the interests of copyright holders that may emerge later to claim ownership of the copyright.

While we believe this proposal is workable and well-designed, we do not profess to have anticipated every possible nuance or concern. Thus, should the Copyright Office wish to do so, we welcome the opportunity to further develop this proposal.

Sincerely,



Jay D. Roth
National Executive Director
Directors Guild of America