COMMENTARY

# Brian Shaw on Copyright Issues

*Brian Shaw is a partner of the Rochester, New York law firm Cumpston & Shaw, specializing in the practice of intellectual property law. In this series of columns dealing with the subject of copyright law and sound recordings, Mr. Shaw addresses questions posed by readers of the* ARSC Journal *regarding the rights of individuals and libraries to duplicate sound recordings in their collections.*

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QUESTION 1: Being a record collector as well as a lawyer in Germany, the problem of international copyright protection in the case of historical sound recordings has held my attention for several years. Although the situation in Germany and the EC (European Community) seems to be quite clear, there still remain questions about the situation in the US, and I would be very glad for your answers to the following questions:

PART 1. ARE COMPULSORY (MECHANICAL) LICENSES AVAILABLE UNDER THE UNITED STATES COPYRIGHT LAW?

There are currently a number of compulsory licenses set forth in the United States copyright law. Of particular interest is the compulsory license for making and distributing phonorecords of nondramatic musical works. This license as set forth in section 115 of the 1976 Copyright Act traces back to the compulsory license for the making of phonorecords of copyrighted musical compositions in the 1909 Act.[1] Under the current law, an author's exclusive right to make and distribute phonorecords of a nondramatic musical work is limited by a compulsory license (also known as the mechanical license), which permits others to make and distribute phonorecords of the copyrighted musical work.[2] The compulsory license only gives the right to use a musical composition without the express consent of its copyright owner in return for payment of the statutory royalty. If it is the underlying musical work which is to be performed, the compulsory licensee may exercise the compulsory license rights only by assembling their own musicians, singers, recording engineers and equipment, to create a new sound recording of the underlying musical work which is the subject of the compulsory license. The compulsory license is applicable only to nondramatic musical works. Other works such as literary or dramatic works, sound tracks of a motion picture (even if the sound track contains a nondramatic musical work which itself could be the subject of a compulsory license) and sound recordings are not subject to the compulsory license.

 

The compulsory license rests upon the distinction between a nondramatic musical work, and a sound recording which may incorporate the musical work. That is, the underlying musical work (the words and notes that are to be performed) is subject to the compulsory license, while the sound recording (the performance and recording of the words and notes) is not subject to the license. However, a compulsory license may apply to the musical work even though its only embodiment in a material object is in a phonorecord which constitutes a sound recording. A phonorecord made under a compulsory license, even with its own arrangement, is not entitled to its own copyright, unless the copyright owner in the musical composition expressly consents to its copyright as a derivative work.

Alternatively, a compulsory licensee who wishes to reproduce the underlying musical work in the form in which it is embodied in a protected sound recording, must obtain a voluntary license from the owner of the copyrights in the sound recording. The compulsory license does not authorize the licensee to duplicate and distribute an existing sound recording, even though the sound recording contains the licensed musical work. As legal protection in a sound recording itself is unaltered by the compulsory license, the previous sound recording itself may not be duplicated under the compulsory license. Unauthorized duplications of sound recordings are infringements of the copyright in the sound recording as well as the musical work. The owner of the copyright in the sound recording is entitled to the remedies provided for such infringements. In addition, criminal penalties are provided for the copying or duplicating of sound recordings, for unauthorized derivative recordings, and for the distribution, sale, or other transfer of ownership of phonorecords of sound recordings.

The compulsory license of Section 115 provides for the non-exclusive right to "make and distribute phonorecords of a nondramatic musical work."[3] The compulsory license does not include the right to reproduce the work in copies of the sheet music. Although, the compulsory license does confer a distribution right as to the phonorecords embodying the sound recording made by the compulsory licensee, it does not include the right to publicly perform the nondramatic musical work.

Certain conditions must be fulfilled to acquire and retain a compulsory license including the existence of a previously authorized and distributed sound recording of the underlying musical composition, a notice of intention to use the compulsory license, monthly and annual statements of account of phonorecords made and distributed, and the payment of statutory royalty fees.

Specifically, a compulsory license to make a phonorecord may be obtained when (1) the owner of the copyright in a nondramatic musical composition has made or authorized a sound recording of the work and (2) the phonorecord in which the sound recording is embedded has been distributed to the public in the United States. As soon as an authorized sound recording has been made and distributed by or on the authorization of the music copyright owner, other persons become entitled to the compulsory license to make phonorecords of the musical composition. Distribution to the public in the United States is an essential condition for obtaining a compulsory license, it is not sufficient that only a sound recording has been made of the composition.[4]

Once the compulsory license is triggered, any other person may obtain a compul-

sory license to make and distribute phonorecords of the work. Further, the compulsory license is available only if the licensee's "primary purpose in making phonorecords is to distribute them to the public for private use."[5] Thus, the compulsory license does not extend to manufacturers of phonorecords that are intended primarily for commercial use, such as broadcasters, jukebox operators and background music services. However, if, the primary purpose is to distribute records for ordinary use in private homes, the sale of some of the records to broadcasters or jukebox operators will not invalidate the compulsory license. It is the primary purpose "in making the phonorecords" which is determinative, not the subsequent distribution of the phonorecords. In addition, it is not fatal to the compulsory license if the actual number of phonorecords distributed to commercial users exceeds those which are ultimately acquired by private users, so as long as the primary purpose in manufacture was distribution for acquisition by private users.

The compulsory license also requires serving of a Notice of Intention to Obtain a Compulsory License on the owner of the copyright in the musical composition to be recorded.[6] The Notice must be served on the copyright owner of each copyrighted musical composition for which a compulsory license is sought. It is the responsibility of copyright owners to record their identification and addresses with the Copyright Office, as copyright owners are entitled to the royalties provided by the Act only for phonorecords made and distributed after such identification.[7] To maintain the compulsory license, the licensee must then provide a monthly and an annual statement to the owner of the copyright in the underlying musical composition.[8]

A failure to pay the monthly royalties under the compulsory license or to submit the monthly and annual statements of account entitles the copyright owner to give the defaulting compulsory licensee written notice that the license will be terminated unless the omission is corrected within 30 days.[9] All phonorecords made or distributed after a termination for which royalties have not been paid are infringements for which all the appropriate statutory remedies are available.

### B. What is the duration of copyright protection?

There is no single, straightforward answer to this question. The duration of copyright protection depends upon the type of work, when it was created, who created it and whether there has been a renewal of the copyright. While special provisions apply to joint works, anonymous or pseudonymous works, and works for hire, copyright protection for works created on or after January 1, 1978 extends for the life of the author plus fifty years.[10] For joint works (those works prepared by at least two authors with the intent that their individual contributions be merged into an inseparable whole) the term of copyright protection is the life of the last surviving author plus fifty years.[11] The term of copyright protection for anonymous or pseudonymous works is the first to expire of seventy-five years from the first publication or 100 years from the year of creation.[12] However, if the identity of one of the authors is revealed in the registration records or death records of the author, the term of protection reverts to the joint author provision. Works for hire created on or after January 1, 1978 are entitled to a term of protection of the first to expire of seventy-five years from the first publication or 100 years from the year of creation.[13]

For works created before January 1, 1978, but neither copyrighted or in the public domain before January 1, 1978, the term of copyright is life of the author plus fifty years. However, the copyrights in these works cannot expire prior to December 31,

2002. If the pre-January 1, 1978 work is published on or before December 31, 2002, the term of copyright will not expire prior to December 31, 2027.[14] Copyrights secured between January 1, 1964 and December 31, 1977 are automatically renewed for a further 47 year term. For copyrights secured prior to January 1, 1964 the term of protection runs from the date originally secured and must be renewed to continue for an additional 47 year term. Copyrights that were renewed and existing (not in the public domain) in their second term at any time between December 31, 1976 and December 31, 1977 are automatically extended to 75 years from the date copyright was originally secured.[15] For those works merely existing in their second term between December 31, 1976 and December 31, 1977, the copyrights will expire at the end of the 75th year from the original date of copyright.

C. HOW DO COPYRIGHTS VARY FROM STATE TO STATE?

Generally, the only copyright protection available is set forth by the federal copyright law. While states previously held their own copyright laws, as of January 1, 1978, all state copyright laws, subject only to a few exceptions, for all works whether published or unpublished, were preempted upon the satisfaction of two thresholds.[16] The first threshold is that the work must be fixed in a tangible form and come within the scope of copyrightable subject matter. The second threshold is that the state right at issue must be equivalent to any of the exclusive rights conferred by the federal copyright law, such as the right to reproduce, publicly perform, distribute or display the work. Numerous state law causes of action such as unjust enrichment, unfair competition, tortious interference with a contract, and injury to business reputation have been preempted as they were equivalent to the rights conferred by the federal copyright law.

There are exceptions to the federal preemption of state rights equivalent to the federal copyright. The first exception is directed to subject matter that is not defined by Sections 102 and 103 of the copyright statute, including works which are not fixed in any tangible medium of expression. A second exception is for any undertaking which was commenced before January 1, 1978. A third exception is directed to those activities which violate rights which are not equivalent to any of the exclusive rights conferred by the federal copyright statute.[17]

Generally, the determinative factor in deciding whether a state law is preempted is whether the state law right is equivalent to that conferred by the federal copyright law. The general rule applied by many state courts has been, if the state law claim requires an extra element to establish the cause of action as opposed to the relevant federal copyright claim and the extra element qualitatively distinguishes the state action and changes the nature of the action so that is fundamentally different from a federal copyright claim, then the state law claim is not preempted.

Related to preemption, it is the availability of state rights for sound recordings fixed before February 15, 1972. That is, recordings which were fixed before February 15, 1972 were not subject to copyright law under the federal law at the time. Congress has prevented application of the preemption doctrine until 2047, because Congress recognized that the pre-1972 recordings are protected by state law and should not be suddenly thrust in the public domain upon the effective date of 1976 Act. In reaching a balance, Congress decided that the pre-1972 sound recordings should not be perpetually exempt from the preemption, and adopted a 75 year period of state protection.[18] That is, until 2047 duplication of a pre- February 15, 1972 sound recording is subject to the applicable state law, where state laws may vary in scope and severity of penalties.

QUESTION 2: I have been working on a catalog of 45s that I would like to eventually publish. Some of the information I am including is derived from books published by other people. I am cross checking and adding to the information I find in these sources.

IS IT ALLOWABLE UNDER US COPYRIGHT LAWS FOR ME TO PUBLISH THIS CATALOG, OR DO BOOKS OF INFORMATION ABOUT SOUND RECORDINGS INFRINGE THE COPYRIGHTS OF OTHER REFERENCE MATERIALS OR THE SOUND RECORDINGS THEMSELVES?

Facts, such as those based upon research or investigation are not subject to copyright protection. However, an author's expression or selection of specific facts are protected by copyright if there is sufficient selection, coordination and arrangement of the facts such that the resulting work as a whole constitutes an original work of authorship. The United States Supreme Court has recently held that the names of towns and telephone numbers in the white pages directory are not original, and therefore not protected by copyright.[19] Even when copyright protection exists in a compilation of facts, the protection is severely limited, as the copyright does not extend to the facts themselves. The publication of a catalog listing the song title, artist, record label, record company, year released and other facts relating to the sound recording cannot infringe the copyright of the underlying work or the sound recording. In addition, the verification of facts through secondary sources does not infringe the copyright of the secondary sources. Further, specific facts taken from the secondary source and put into the catalog will not infringe the copyrights of the secondary source, so long as the selection, coordination and arrangement of the facts in the secondary source are not appropriated.

QUESTION 3: WHAT IS THE DISTINCTION BETWEEN ℗ AND ©?

Both these symbols are part of the copyright notice as defined by the copyright law. When a work is published by authority of the copyright owner, copyright notice may be placed on the work.[20] For works other than phonorecords of sound recordings, the copyright notice includes three components:

(1) the ©, the word copyright, or the abbreviation copr.;

(2) the year of first publication of the work; and

(3) the name of the copyright owner, and abbreviation by which the name can be recognized, or a generally known alternative designation of the owner.[21]

For publicly distributed phonorecords of a sound recording, the copyright statute permits notice of copyright to placed on phonorecords, which includes disks, open reel cassettes, cartridges and CDs. The form of copyright notice for phonorecords of sound recordings includes the following three elements:

(1) the letter P in a circle;

(2) the year of first publication of the sound recording; and

(3) the name of the owner of the copyright in the sound recording or an abbreviation by which the owner can be recognized or generally known alternative.[22]

The use of the symbol P in the circle rather than © is to avoid confusion between claims to copyright in the sound recording versus the musical or literary work embodied therein. In addition, there is a necessity to distinguish between copyright claims in the sound recording and the printed text or art work that appear on the record label, album cover or liner. Further, the P in the circle has been adopted as the international

symbol for protection of sound recordings by the "Convention for the Protection of Producers of Phonographs".

QUESTION 4: IF ONE HAS LEGITIMATELY PURCHASED A REISSUE RECORD, TAPE, OR CD CAN TAPES MADE FROM THEM BE USED AS GIFTS?

There are a number of copyrights in phonorecords (which includes tapes, records, CDs). Specifically, there is the copyright in the underlying work which is recorded. There is also the copyright in the performance of the underlying work, as well as the copyright in the recording of the performance. Unless each of these copyrights has expired, or the reproduction of the specific copyright is licensed, the duplication for gift purposes constitutes an infringement of the existing or unlicensed copyrights.

Copyright questions may be submitted to Mr. Shaw for response in future issues of the *ARSC Journal,* c/o: Suzanne Stover, Chair, ARSC Fair Practices Committee, Department of Recording Arts and Services, Eastman School of Music, 26 Gibbs Street, Rochester, NY 14604

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**Endnotes:**

1. 17 U.S.C. §115
2. 17 U.S.C. §115(a)-(c)
3. 17 U.S.C. §115(a)(1)
4. 17 U.S.C. §115(a)(1)
5. 17 U.S.C. §115(a)(1)
6. 17 U.S.C. §115(b)(1)
7. 17 U.S.C. §115(c)(1)
8. 17 U.S.C. §115(c)(4-5)
9. 17 U.S.C. §115(c)(5)
10. 17 U.S.C. §302(a)
11. 17 U.S.C. §302(b)
12. 17 U.S.C. §302(c)
13. 17 U.S.C. §302(c)
14. 17 U.S.C. §303
15. 17 U.S.C. §304(b)
16. 17 U.S.C. §301(a)
17. 17 U.S.C. §301(b)
18. 17 U.S.C. §301(c)
19. Feist Publications, Inc. v. Rural Telephone Service Company, Inc. 111 S.Ct 1282 (1991)
20. 17 U.S.C. §401(a)
21. 17 U.S.C. §401(b)
22. 17 U.S.C. §402