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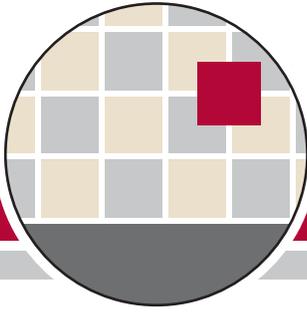
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Pre-1972 Sound Recordings: Why Does the Law Treat Them Differently?

*June M. Besek**

I. INTRODUCTION

Pre-1972 sound recordings are treated differently under the law from other works of authorship. For historical reasons, they are protected only under state law, not federal copyright law, until 2067, when they will fall into the public domain.¹ Because the scope of rights and exceptions in these recordings varies from state to state, it is often difficult to make judgments about permissible uses. Moreover, as exploitation of sound recordings moves from the sale of copies (or phonorecords, as they are referred to under federal law) to streaming, pre-1972 sound recordings are increasingly deprived of the benefits of exploitation, for reasons discussed below.

These pre-1972 recordings cover a wide range of material. The commercial recordings come most readily to mind including Louis Armstrong, Glen Miller, Frank Sinatra, Elvis Presley, the Supremes, and many more jazz, classical, blues, folk and pop recordings, as well as spoken word recordings such as audio books or lectures. But there are also many recordings that were not made for commercial distribution and are technically unpublished, such as archival copies of radio programs, oral histories, reporters' notes, recordings made for research on everything from bird calls to indigenous music, and so on. Some of these recordings may have significant commercial value; others have value only to researchers in niche areas.

The U.S. Copyright Office has recommended that pre-1972 sound recordings be brought under federal copyright law.² Although such a move potentially raises issues of takings

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1. 17 U.S.C. § 301(c) (1998).

2. REGISTER OF COPYRIGHTS, U.S. COPYRIGHT OFFICE, FEDERAL COPYRIGHT PROTECTION FOR PRE-1972 SOUND RECORDINGS (Dec. 2011), *available at* <http://www.copyright.gov/docs/sound/pre-72-report.pdf> [hereinafter Copyright Office Report]. The author of this article served as a consultant to the U.S. Copyright Office in connection with the Copyright Office Report.

under the Fifth Amendment,³ most of these issues could be addressed by carefully drafting the new statute. On balance, bringing pre-1972 sound recordings under federal law could provide greater certainty and fairness to the use and exploitation of these works by right holders, scholars and consumers.

II. BACKGROUND

A sound recording is a work that results from the fixation of a series of musical, spoken or other sounds, regardless of how embodied.⁴ A music CD, for example, is a sound recording, as is the digital version of the same work on a hard drive. A sound recording can embody two or more works – the fixation of sounds and the underlying musical or literary work(s). Each may be entitled to a separate copyright.

Sound recordings have been in existence for more than 150 years.⁵ Until 1972, sound recordings were not eligible for protection under federal copyright law. This stemmed in part from a 1908 case in which the Supreme Court held that piano rolls were not “copies” of the underlying musical work, because the musical work could not be visually discerned from the piano roll.⁶ One unfortunate consequence of this ruling was that the mechanical means by which sound recordings were embodied could not serve as a copy for purposes of fixation, because one could not discern the sounds sought to be protected merely with the senses.⁷ Since fixation is an essential element of copyright protection, that decision presented an obstacle to federal copyright protection for sound recordings.⁸ Any copyright protection that sound recordings enjoyed prior to 1972 stemmed from state laws.

In the 1960s and early 1970s, unauthorized copying of sound recordings became cheaper and easier, and large scale commercial infringement became more common.⁹ In 1971 Congress was persuaded that federal copyright protection for sound recordings was urgent.¹⁰

3. The Fifth Amendment provides: “No person shall be . . . deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.” U.S. CONST. AMEND. V.

4. 17 U.S.C. § 101 (2010).

5. Copyright Office Report, *supra* note 2, at 50.

6. *White-Smith Music Publ’g Co. v. Apollo Co.*, 209 U.S. 1 (1908), *superseded by statute*, Copyrights Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (1976). See Copyright Office Report, *supra* note 2, at 8.

7. This was explicitly changed in the 1976 Copyright Act; the law currently provides that a “copy” is a “material object[] . . . in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. . . .” 17 U.S.C. § 101.

8. See Barbara A. Ringer, *Study No. 26: The Unauthorized Duplication of Sound Recordings*, in SUBCOMM. ON PATENTS, TRADEMARKS, AND COPYRIGHT OF THE COMM. ON THE JUDICIARY, 86TH CONG., COPYRIGHT LAW REVISION XI, 4-7 (Comm. Print Feb. 1957), available at <http://www.copyright.gov/history/studies/study26.pdf>.

9. H.R. REP. NO. 92-487, at 2 (1971).

10. *Id.* at 4. In addition, certain Supreme Court decisions had cast doubt on the validity of state law protection. H.R. REP. NO. 92-487 AT 2-3, 12-13.

On October 15, 1971, Congress passed the Sound Recording Act, effective February 15, 1972, which brought sound recordings into the Copyright Act on a going-forward basis.¹¹ All sound recordings created on or after that date became eligible for protection under federal copyright law. All sound recordings created earlier remained under state law.

In 1976 Congress completed a comprehensive revision of the Copyright Act. It brought all unpublished works of authorship under federal copyright law (previously the federal copyright law protected only published works) to create a unitary system of copyright.¹² Nevertheless, it left pre-1972 sound recordings under state law¹³. To ensure that these works would not be protected indefinitely into the future, Congress provided that states could continue to protect pre-1972 sound recordings until the end of 2047, at which point all protection for these pre-1972 sound recordings would cease – in other words, they would never be entitled to federal protection.¹⁴ This deadline was later extended to 2067.¹⁵

III. FEDERAL PROTECTION FOR SOUND RECORDINGS

Even though pre-1972 sound recordings are not protected by federal copyright law,¹⁶ it is important to understand the scope of federal rights in recordings that are protected. This background will facilitate the comparison between the scope of protection under state and federal law for sound recordings, and illustrate how the regime of protection would change for pre-1972 recordings if they were brought under federal copyright law. It also serves to

11. Pub. L. No. 92-140, § 3, 85 Stat. 391 (1971). The law was passed on October 15, 1971, and went into effect four months later, on February 15, 1972.

12. 17 U.S.C. § 301(a) (2012).

13. *See id.* § 301(c).

14. 17 U.S.C. § 301(c) currently states:

With respect to sound recordings fixed before February 15, 1972, any rights or remedies under the common law or statutes of any State shall not be annulled or limited by this title until February 15, 2067. The preemptive provisions of subsection (a) shall apply to any such rights and remedies pertaining to any cause of action arising from undertakings commenced on and after February 15, 2067. Notwithstanding the provisions of section 303, no sound recording fixed before February 15, 1972, shall be subject to copyright under this title before, on, or after February 15, 2067.

As passed in 1976, the legislation provided that state laws would not be preempted until February 15, 2047, but that date was extended to February 15, 2067 by the Copyright Term Extension Act, Pub. L. No. 105-298, Title I, 112 Stat. 2827 (1998).

15. *See* Copyright Term Extension Act, Pub. L. No. 105-298.

16. Certain foreign pre-1972 sound recordings are protected under federal copyright law as a result of the 1994 Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809, 4973-81. To comply with U.S. treaty obligations, that law restored federal copyright protection in certain foreign works that were in the public domain for lack of compliance with U.S. formalities such as copyright notice and renewal. It also provided protection for certain foreign sound recordings still protected in their home countries, even though the recordings would not have been entitled to federal copyright protection had they had been published in the United States in the first instance. Restoration occurred automatically on January 1, 1996 for most works. 17 U.S.C. § 104A(h)(2) (2002). Restored works are protected for the remainder of the term they would have been granted had they not entered the public domain.

illustrate the differences between state law protection for pre-1972 sound recordings and the federal copyright protection available to the works – for example, musical compositions or literary works – that underlie those recordings.

A. Rights Provided by Copyright.

In general, copyright consists of a “bundle” of rights, including:

1. The reproduction right (the right to make copies and phonorecords).¹⁷

A copyright owner can decide whether or not to make copies or license others to do so, and on what terms.¹⁸ A copy of a sound recording is known as a “phonorecord,”¹⁹ but because the state courts do not use this terminology, this article will refer to reproductions of sound recordings as copies.

2. The right to create adaptations (also known as “derivative works”).²⁰

Sound recordings have a narrower “derivative work” right than do other copyrighted works. Merely imitating the sounds in a recording does not infringe the original. The derivative work is infringing only if it contains actual sounds from the protected work.²¹

3. The right to distribute copies of the work to the public.²²

This right is limited by the “first sale doctrine” which provides that the owner of a particular copy of a copyrighted work that was lawfully made may sell or otherwise transfer that copy without the authority of the copyright owner.²³

4. The right to perform the work publicly.²⁴

Performing a work “publicly” means to perform it anywhere that is open to the public or anywhere that a “substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered.”²⁵ Transmitting the performance or display to such a place also makes it public, regardless of whether members of the public receive the performance

17. 17 U.S.C. § 106 (1) (2002).

18. Sound recordings have an exclusive reproduction right like most other works; musical compositions, in contrast, are subject to a statutory license in respect to their reproduction and distribution after the initial recording of the composition. 17 U.S.C. § 115 (2010).

19. 17 U.S.C. § 101 (2012).

20. *See id.* §106(2).

21. *See id.* § 114(b) (2010).

22. *See id.* § 106(3).

23. *See id.* § 109(a) (2008).

24. *See id.* § 106(4).

25. *See id.* § 101.

at the same time or different times, at the same place or different places.²⁶ For example, a radio broadcast is a public performance, even if each member of the audience listens to it in her own home. Transmitting performances or displays of a copyrighted work to the public over the Internet is a public performance or display of the work.²⁷

Sound recording copyright owners have a narrower right of public performance than do those of other works; specifically, they have the right “to perform the work publicly by means of a digital audio transmission,” as described below.²⁸ Analog transmission is not restricted by copyright.²⁹ In broad brush, the law sets up a three-tiered system of protection for performances of sound recordings.³⁰ The first tier consists of certain types of public performances that are exempt from the performance right and may be made for free, such as “live” performances of sound recordings at public venues (such as discos) and analog transmissions.³¹

The second tier encompasses certain digital audio transmissions subject to a compulsory license. The sound recording copyright owner may not prevent these public performances, but the transmitting party must pay royalties to the sound recording copyright owner and performers at the rate set by the Copyright Royalty Board.³²

26. *Id.*

27. *See ABC, Inc. v. Aereo, Inc.*, 134 S. Ct. 2498 (2014).

28. 17 U.S.C. § 106(6).

29. Many bills have been introduced in Congress to require terrestrial broadcasters to pay performance royalties to artists and record companies, but so far none has been successful. *See, e.g.*, Performance Rights Act, S. 2500, 110th Cong. (2007) and H.R. 4789, 110th Cong. (2007).

30. Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, 109 Stat. 336, *amended* by Digital Millennium Copyright Act of 1998, Pub. L. No. 105-304, 112 Stat. 2860, 2899 (1998) (codified at 17 U.S.C. § 114).

31. Also included in this first tier are traditional AM and FM broadcasts, public radio, background music services, and performances and transmissions in business establishments such as stores and restaurants. 17 U.S.C. §§ 106(6), 114(b), (d)(1). Although use of the sound recording may be free, it may still be necessary to pay license fees for the underlying work.

32. *See* 17 U.S.C. § 114(d)(2). Those royalties are distributed to recording companies and performers by an organization called SoundExchange. The performances in the “second tier” include subscription digital transmissions (i.e., those limited to paying recipients) and certain eligible nonsubscription digital transmissions. A transmission may be made pursuant to the compulsory license if it (a) is not in the first tier (in which case a license is unnecessary because it is exempt), (b) is accompanied, if feasible, with the title, name of copyright owner and other information concerning the sound recording and underlying musical work, and (c) the transmitting party meets a number of specific statutory requirements that diminish the risk that the transmissions will be copied or will substitute for having copies, *e.g.*, it does not publish its program in advance, does not play more than a specified number of selections by a particular performer or from a particular phonorecord within a specified time period, does not seek to evade these conditions by causing receivers to automatically switch program channels, etc. *See also* REGISTER OF COPYRIGHTS, U.S. COPYRIGHT OFFICE, COPYRIGHT AND THE MUSIC MARKETPLACE 56 (Feb. 2015), *available at* <http://copyright.gov/docs/musiclicensingstudy/copyright-and-the-music-marketplace.pdf>

Finally, the third tier consists of certain digital audio transmissions that fall neither under the exemption (first tier) nor the compulsory license (second tier) and thus require negotiating a license with the copyright owner. These are performances such as interactive digital audio services (on-demand streaming).³³

5. The right to display the work publicly.³⁴

The owner of a lawfully made copy is entitled to display the work publicly to viewers present where the copy is located.³⁵

Copyright Exceptions. The Copyright Act contains many exceptions and limitations to the rights outlined above, spelled out largely in sections 107 to 122 of the Act. Among those exceptions are fair use,³⁶ exceptions for libraries and archives under certain circumstances to copy works in their collections for their own use (for preservation or replacement) or upon the request of a user,³⁷ and

educational exceptions for face-to-face classroom use and distance education.³⁸

Term of Protection. The duration of copyright protection in the United States differs depending on when the work was created and published. For works first created on or after January 1, 1978 (the effective date of the 1976 Copyright Act), copyright lasts for the life of the author plus seventy years.³⁹ For anonymous and pseudonymous works and works made for hire, the term is 95 years from publication or 120 years from creation (whichever expires first).⁴⁰ Works created but not published before January 1, 1978 were given the same term as works created on or after January 1, 1978.⁴¹

For works first published prior to January 1, 1978, the rules are complicated, but

33. See 17 U.S.C. §§ 114(d)(2), (3), (4)(A). This category also includes nonsubscription transmissions that do not meet the conditions for the compulsory license (second tier) because, for example, the transmitting party publishes the program in advance, or does not abide by the limitations concerning the number of selections from a particular phonorecord or performer that can be played in a specified time period.

34. See *id.* § 106(5).

35. See *id.* § 109(c). The display may be direct or “by the projection of no more than one image at a time.” The display right is not of particular relevance to sound recordings.

36. See *id.* § 107 (1992).

37. See *id.* § 108 (2005).

38. See *id.* § 110(1), (2) (2005).

39. See *id.* § 302(a) (1998).

40. See *id.* § 302(c). A “work made for hire” is a work created by an employee in the course of his or her employment, or a commissioned work where the commissioning party and the creator agree in a signed writing that the product will be a work made for hire. Only certain categories of works are eligible to be commissioned works made for hire. 17 U.S.C. §101.

41. See *id.* § 303(a) (2010). All works created but still unpublished at January 1, 1978, no matter how old, were protected under federal copyright law until at least December 31, 2002. If the work was published between January 1, 1978 and December 31, 2002, its term of protection will not end until December 31, 2047.

specifically with respect to sound recordings, those published from 1972-77 are protected for 95 years from publication.⁴²

IV. PROTECTION FOR SOUND RECORDINGS UNDER STATE LAW

Pre-1972 sound recordings are governed by a patchwork of laws that vary in nature and scope from state to state.⁴³ Almost all states have criminal laws that prohibit the reproduction and public distribution of these recordings.⁴⁴ On the civil side, some states have civil statutes specifically aimed at unlawful use of pre-1972 sound recordings.⁴⁵ Others rely on common law torts: “common law copyright,” unfair competition, misappropriation and the like.⁴⁶ In some states, there have been no reported decisions addressing civil protection for pre-1972 sound recordings, so it is hard to predict how suits will be resolved other than by relying on general principles of unfair competition.⁴⁷

A 2005 decision in New York, *Capitol Records v. Naxos*, demonstrated the potential breadth of state law protection for sound recordings.⁴⁸ The case involved recordings made abroad that had fallen into the public domain in their home country. Plaintiff claimed those recordings nevertheless remained protected under New York state law. The New York Court of Appeals, the highest court in New York, agreed. It held that in New York, such recordings are covered by “common law copyright” rather than by unfair competition or another tort.

This holding was significant because common law copyright is a broader form of protection. Unfair competition or misappropriation sometimes require a competitive injury or bad faith (there is some variation from state to state), but the New York Court of Appeals made clear that neither was a requirement for infringement of common law copyright.⁴⁹

This holding raised particular concerns for libraries and archives seeking to preserve pre-1972 sound recordings and make them available for research or study, because without the requirements of intent or bad faith, it is possible for nonprofit users to be liable.

42. *See id.*

43. *See* Copyright Office Report, *supra* note 2, at 20-49.

44. *Id.* at 20-28.

45. *Id.*

46. *Id.* at 30-43.

47. June M. Besek, Copyright and Related Issues Relevant to Digital Preservation and Dissemination of Unpublished Pre-1972 Sound Recordings by Libraries and Archives 37-39 (CLIR and Library of Congress 2009). States may protect unpublished sound recordings under common law copyright, even if they impose a different regime of protection on published sound recordings. Program on Information Justice and Intellectual Property, Washington College of Law, American University (under the supervision of Peter Jaszi with the assistance of Nick Lewis), Protection for Pre-1972 Sound Recordings Under State Law and Its Impact on Use by Nonprofit Institutions: A 10-State Analysis 15-16 (CLIR and Library of Congress 2009) [hereinafter *Jaszi Report*].

48. *Capitol Records, Inc., v. Naxos of America, Inc.*, 830 N.E.2d 250 (N.Y. 2005).

49. *Id.* at 266.

V. COMPARISON OF FEDERAL AND STATE PROTECTION⁵⁰

A. Rights.

Most reported state cases deal with unauthorized commercial duplication and distribution of sound recordings; it is apparent that these rights are recognized under state law.⁵¹ There is some support for the existence of a derivative work right under state law, but too few cases to establish whether it can be considered similar in scope to the derivative work right under federal law.⁵²

In general, states do not appear to recognize a right of public performance in pre-1972 sound recordings,⁵³ and a few states restrict such a right by statute.⁵⁴ Such recordings are regularly played, broadcast and streamed without a performing rights license.⁵⁵ Federally protected sound recordings were accorded a right of public performance only in 1995, and then only with respect to certain digital audio transmissions.⁵⁶

Both federal and state-protected sound recordings continue to be performed on the radio and live without payment, but federal law provides compensation for sound recording owners for Internet streaming.⁵⁷ Owners of pre-1972 sound recordings would like to be similarly compensated. Recently several lawsuits have been brought against Pandora and Sirius XM, seeking to establish a requirement under the laws of various states that those entities pay for streaming pre-1972 sound recordings.⁵⁸

50. This article merely highlights the principal differences that might bear on the takings issues. A detailed comparison between state and federal law protection is beyond the scope of this article.

51. *See, e.g.*, *Columbia Broad. Sys., Inc. v. Melody Recordings, Inc.*, 341 A.2d 348 (N.J. Super. Ct. App. Div. 1975); *Capitol Records, Inc. v. Erickson*, 82 Cal. Rptr. 798 (Ct. App. 1969).

52. For example, in *Capitol Records, Inc. v. Naxos of America*, the New York Court of Appeals rejected Naxos's claim that its remastering of the Capitol recordings to enhance sound quality resulted in "new products" that did not infringe the originals, since the remastered recordings still utilized elements of the original recordings. *Supra*, note 48, at 267.

53. *See, e.g.*, *RCA Mfg. Co. v. Whiteman*, 114 F.2d 86, 89-90 (2d Cir. 1940). *But see* *Flo & Eddie Inc. v. Sirius XM Radio Inc.*, CV 13-5693 PSG (RZx), 2014 WL 4725382 (C.D. Cal. Sept. 22, 2014), discussed *infra*.

54. *E.g.*, N.C. GEN. STAT. ANN. § 66-28 (WEST 2014); S.C. CODE ANN. § 39-3-510 (1962).

55. *See* U.S. COPYRIGHT OFFICE, TRANSCRIPT OF PRE-1972 SOUND RECORDINGS PUBLIC MEETING 167-68 (June 2, 2011) (comments of David Oxenford), available at <http://www.copyright.gov/docs/sound/meeting/transcript-06-02-2011.pdf>; *see generally* Comments of Sirius XM Radio in response to Copyright Office Notice of Inquiry on Federal Copyright Protection of Sound Recordings Fixed Before Feb. 15, 1972, Docket No. 2010-4 (Apr. 13, 2011), available at <http://www.copyright.gov/docs/sound/comments/reply/>.

56. Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, 109 Stat. 336 (1995); 17 U.S.C. §§ 101, 111, 119, 801-03 (2006).

57. 17 U.S.C. § 114(f) (2012).

58. *E.g.*, *SoundExchange, Inc. v. Sirius XM Radio Inc.*, No. 1:13CV1290 (RJL), 2014 WL 4219591 (D.D.C. Aug. 26, 2014) (alleging that Sirius withheld from SoundExchange royalties owed for the performance of pre-1972 sound recordings, in violation of §§ 112 and 114 of the Copyright Act).

In the first such case to be decided, *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, a federal district court in California held that California provides a full right of public performance for pre-1972 sound recordings.⁵⁹ That ruling will be discussed further in section VIII, *infra*.

B. Exceptions.

Most reported state decisions concerning pre-1972 sound recordings addressed wide scale commercial copying and distribution. It is often not clear what other exceptions and limitations may be available under the various state laws because few cases address commercial, transformative uses or noncommercial uses.⁶⁰ It seems reasonable to assume that state courts would apply fair use in appropriate circumstances, since the exception developed at common law⁶¹ accommodates First Amendment and other concerns. New York explicitly recognized a fair use defense as applied to the use of a pre-1972 sound recording.⁶² There are no established state common law doctrines analogous to other federal law exceptions, such as § 110(2) for distance education, or §108 for library and archive uses. On the other hand, in many states noncommercial activities such as uses for scholarship, teaching, preservation and so on would simply not meet the criteria for a cause of action under state law, since there is no commercial benefit to the user.⁶³

C. Term of protection.

Under federal law, the term of protection for any given work depends on when the work was created or published; as indicated above, the general rule for term of protection of works created prior to 1978 is 95 years from publication or 120 years from creation, whichever expires first.⁶⁴ States are entitled – but not required – to protect pre-1972 sound recordings until 2067. A few states provide for a specific end date before 2067 for such protection, but most do not.⁶⁵ States are entitled to protect *all pre-1972 sound recordings, no matter how old, until 2067*. They are not required by federal law to move them into the public domain prior to that date. So while a musical composition published in 1922 went

59. *Flo & Eddie*, *supra* note 53.

60. The California civil statute has exceptions, as do many state criminal laws, but they do not cover the range of uses for which exceptions are available under federal law. *See* Copyright Office Report, *supra* note 2, at 26-28.

61. *See* *Folsom v. Marsh*, 9 F. Cas. 342 (C.C.D. Mass. 1841).

62. *See* *EMI Records Ltd. v. Premise Media Corp.*, No. 601209/08, 2008 WL 5027245 (N.Y. Sup. Ct. Aug. 8, 2008).

63. *See* Copyright Office Report, *supra* note 2, at 27; *Jaszi Report*, *supra* note 47, at 10-11.

64. 17 U.S.C. § 303(a).

65. California, for example, protects sound recordings only until February 15, 2047. CAL. CIV. CODE § 980(a) (2) (West 1982). Colorado law provides that for the purposes of criminal enforcement, a common-law copyright may not last longer than 56 years from when it accrues. COLO. REV. STAT. ANN. §18-4-601 (1.5) (2009). *See generally* Copyright Office Report, *supra* note 2, at 47. 2067 is effectively the end date in the many states that protect sound recordings pursuant to common law causes of action, for which claims there is often no specific end date under state law.

into the public domain in 1997, a sound recording published the same year can be protected under state law until 2067.⁶⁶

VI. THE COPYRIGHT OFFICE REPORT

Archivists and scholars, increasingly concerned about preservation of and access to pre-1972 sound recordings, have urged that pre-1972 sound recordings be brought under federal copyright law.⁶⁷ They are concerned that the ambiguity of state law, coupled with the lengthy term of protection – potentially until 2067 – are impairing their ability to preserve these older recordings and make them available for study. In 2009, Congress charged the U.S. Copyright Office with studying whether pre-1972 sound recordings should be brought under federal law, and evaluating (i) the possible implications of such a change on preservation of and access to sound recordings, and (ii) the potential economic impact on right holders.⁶⁸ The Office’s study took more than two years; its report, *Federal Protection for Pre-1972 Sound Recordings*, was issued in December 2011.⁶⁹ In the report, the Office concluded that the best course is for Congress to federalize protection for pre-1972 recordings.

According to the Copyright Office, federalization “would best serve the interest of libraries, archives and others in preserving old sound recordings and increasing the availability to the public of old sound recordings.”⁷⁰ Acknowledging that the scope of existing federal copyright exceptions is not always clear, the Office nonetheless decided that as a general matter, federal law would provide greater certainty and more opportunity to preserve old sound recordings and make them available to the public than the current patchwork of state laws does.⁷¹ In the Office’s view, the objections raised by the opponents of federalization could be satisfactorily addressed by drafting the legislation appropriately.⁷²

Specifically, the Copyright Office recommended that:⁷³

66. See *Capitol Records, Inc.*, *supra* note 48. Many states base protection on common law unfair competition principles, which have no temporal endpoint (other than the externally imposed federal preemption deadline of 2067), but protection would effectively cease if the sound recording at issue had no commercial value, so for any given recording, the term may effectively be shorter than 2067.

67. See, e.g., Association for Recorded Sound Collections, *Legal Impediments to Preservation of and Access to the Audio Heritage of the United States: Recommendations by the Association for Recorded Sound Collections and the Music Library Association* (Nov. 2, 2007), <http://www.arsc-audio.org/pdf/ARSC-MLA-copyright.pdf>.

68. See Copyright Office Report, *supra* note 2, at vii. See also LIBRARY OF CONGRESS, NOTICE OF INQUIRY, FEDERAL COPYRIGHT PROTECTION OF SOUND RECORDINGS FIXED BEFORE FEBRUARY 15, 1972, 75 FED. REG. 67777 (Nov. 3, 2010).

69. See Copyright Office Report, *supra* note 2, at vii-4.

70. *Id.* at viii.

71. *Id.*

72. *Id.*

73. *Id.* at ix-x.

- Pre-1972 sound recordings should be brought under federal copyright law and given the same rights, exceptions and limitations as sound recordings created in 1972 and thereafter.

- The initial owner of the federal copyright should be the person who owns the rights in the recording under state law just prior to when the federal law becomes effective, so that federalization would not change ownership.

- The term of protection for the newly-federalized recordings would be 95 years from publication or, if the work is unpublished at the time of federalization, 120 years from fixation.⁷⁴ No pre-1972 sound recording would be protected beyond February 15, 2067.⁷⁵

- In cases where the federal term of protection would result in expiration of the copyright term prior to February 15, 2067, the following mechanisms would permit copyright owners to achieve a longer period of federal protection:

For sound recordings published in 1923 or later (or that have never been published at all), there would be a “transition period” of 6-10 years from the enactment of federal protection, during which the right holder would have to (i) make the sound recording available to the public at a reasonable price, and (ii) file a notice in the Copyright Office to verify it has done so and state its intent to achieve maximum protection. Provided the right holder (iii) continues to make the work available at a reasonable price, protection would last until February 15, 2067. (These requirements shall be referred to hereafter as the “*extended term requirements*.”)

For sound recordings published prior to 1923, the Report proposes a shorter transition period—three years from the enactment of federalizing legislation—during which a right holder would need to comply with extended term requirements. If the extended term requirements were met, the work could be protected for 25 years from enactment of the federalizing legislation. Otherwise, protection would expire at the end of the three-year transition period.

- Finally, the Report recognized that adjustments should be considered with respect to the various federal requirements, e.g., timely registration as a prerequisite to an award of attorney’s fees and statutory damages in an infringement suit; 17 U.S.C. section 205, which deals with priority of conflicting transfers; and other provisions.

VII. THE POTENTIAL TAKINGS ISSUES

One looming issue is whether bringing state-protected sound recordings under federal law

74. *Id.* at 165-66. The Office did not recommend a term that relied on a measuring life, due to the collaborative nature of sound recordings and the difficulty, after many years, of determining length of protection based on one or more measuring lives.

75. *Id.*

could amount to a “taking” of private property or a violation of due process rights under the Fifth Amendment of the Constitution.⁷⁶ This issue could arise in various ways, but the greatest risk of such a claim in the scheme proposed by the Copyright Office deals with (1) who would own the newly federalized sound recordings and (2) the term of protection under federal law for such recordings.⁷⁷

A. Ownership.

With respect to ownership, the concern is that in some cases the owner of the sound recording under state law might be different than it would have been had the work been protected by federal copyright from the outset, and that federalization might therefore effect a change in ownership. If federalization were to result in a transfer of ownership, that could be problematic.

It is true that the laws regarding ownership and transfers of rights in sound recordings may differ between state and federal law. For example, under federal copyright law, where a work qualifies as a work made for hire, it is the hiring party and not the individual creator who is the author for purposes of copyright law.⁷⁸ The scope of the work made for hire doctrine under federal law has varied over time. The extent to which any particular state would recognize a work made for hire doctrine equivalent to that of federal law at the relevant time with respect to pre-1972 sound recordings is unclear; often there are no cases on point. Accordingly, it is at least possible that in some cases the state law would hold that the hiring party is the owner and the federal law would hold that the human creators are the owners, or vice versa.

Current federal copyright law makes clear that owning a physical copy of a copyright protected work is distinct from owning the underlying intellectual property rights. Transferring a copy – even if it is the only copy, or the best copy – also does not convey the underlying rights without an agreement.⁷⁹ In some states, however, the owner of the master recording might be deemed the owner of rights in the sound recording.⁸⁰

76. See Fifth Amendment, *supra* note 3.

77. For a more detailed discussion of the potential constitutional issues, see Eva E. Subotnik & June M. Besek, *Constitutional Obstacles? Reconsidering Copyright Protection for Pre-1972 Sound Recordings*, 37 COLUM. J. L. & ARTS 327 (2014); Copyright Office Report, *supra* note 2, at 155-62.

78. 17 U.S.C. § 201(a), (b) (1978). For an explanation of work made for hire. Federal law prior to 1978 also had a work made for hire doctrine, but it was more broadly applicable, see note 40, *supra*. For a detailed discussion of the work made for hire doctrine, see 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT, § 5.03 [A], § 5.03 [B][1][A][i] (2014)

79. 17 U.S.C. § 202 (1976).

80. See, e.g., *Pushman v. New York Graphic Soc., Inc.*, 39 N.E.2d 249, 251 (N.Y. 1942) (“[A]n artist must, if he wishes to retain or protect the reproduction right, make some reservation of that right when he sells the painting”). The “Pushman doctrine” was repudiated by statute in New York and California, at least for works of fine art. See 3 NIMMER ON COPYRIGHT, *supra* note 78, § 10.09 [B][1], [B][2]. A state court might apply this principle to pre-1972 sound recording masters.

So while it is far from certain, the application of federal law rather than state law to determine ownership of pre-1972 sound recordings could effect a change in ownership, upsetting existing business expectations. This potential problem could be avoided, however, if federalizing legislation were to explicitly provide that the legislation does not effect a change in ownership, and the initial owner of the federal copyright in these recordings should be determined by state law, as should the validity of any transfers made prior to the effective date of the legislation, as the Copyright Office Report recommends.⁸¹

B. Term of Protection.

Any shortening of the term of protection by virtue of the transfer from state to federal law also has the potential to raise takings or due process claims. In the Copyright Office proposal, all pre-1972 sound recordings would get a term of protection of 95 years from publication; for unpublished works, 120 years from creation. For all sound recordings except those published prior to 1923, if the term would expire before 2067, the recording would nevertheless get at least 6-10 years of federal protection, and be eligible for federal protection until 2067 if the extended term requirements are met. In the context of real property, the Supreme Court has held that imposing conditions for maintaining rights is permissible, so it would seem that this scheme responds to taking concerns.⁸²

The Copyright Office's proposal for works first published prior to 1923 differs, however, in that those works would not be eligible for protection until 2067. Those recordings would be eligible for a minimum of three years protection, and if the extended term requirements were met, they could get a maximum of 25 years of protection. Assuming that the legislation became effective on January 1, 2016, those recordings could be protected only until the end of 2040: they would lose 27 years of protection. However, given the age of those recordings (published before 1923), the fact that the vast majority likely have no commercial value, and the amount of time they have already enjoyed copyright protection, a successful takings claim seems remote.

Another set of concerns about federalizing legislation relates to potential retroactivity. Such concerns arise where a law "attaches new legal consequences to conduct that took place prior to the law's enactment."⁸³ Carefully drafting the legislation could eliminate any reasonable possibility of such claims. Congress could minimize any potential retroactive effect by making clear that federalization would have no effect on ownership; any termination provisions under federal law are applicable only to post-federalization grants;⁸⁴

81. See Copyright Office Report, *supra* note 2, at 139-49.

82. See, e.g., Subotnik & Besek, *supra* note 77, at 367-71.

83. *Id.* at 344.

84. See Copyright Office Report, *supra* note 2, at ix. Federal law provides that a grant of copyright rights made by an author on or after Jan. 1, 1978 may be terminated after 35 years, to allow the author or her heirs to renegotiate a grant that may have been made when the value of the work was not known. 17 U.S.C. § 203(a) (2002). Certain grants with respect to works published prior to January 1, 1978 can be terminated under differ-

any claims concerning pre-1972 recordings existing at the time of federalization would be resolved under state law; and federal law applies only to post-federalization activities. Congress took this approach when it folded unpublished works protected by state law into federal copyright in 1976. Section 301 states that nothing in the federal copyright law annuls or limits state law rights or remedies with respect to “any cause of action arising from undertakings commenced before January 1, 1978.”⁸⁵

In short, it does appear possible for Congress to federalize pre-1972 sound recordings without violating constitutional rights.

VIII. RECENT DEVELOPMENTS

Since the Copyright Office Report was issued, a couple of bills concerning pre-1972 sound recordings have been introduced in Congress, but neither has passed.⁸⁶ The issue was raised in hearings on music licensing conducted by the Subcommittee on Courts, Intellectual Property and the Internet of the House Committee on the Judiciary as part of its overall copyright review. So far the Subcommittee has not indicated which copyright issues it intends to focus on.

The Copyright Office, meanwhile, has undertaken an in-depth study of music licensing; its Notice of Inquiry specifically addressed pre-1972 sound recordings, among other things.⁸⁷ In the summer of 2014 the Office conducted a series of roundtable discussions on the issues raised by its Notice of Inquiry. The discussions provide helpful insight into why some stakeholders oppose federalizing pre-1972 sound recordings.

Participants in the roundtable discussions had various positions with respect to federalization of pre-1972 sound recordings. The predominant ones were: (1) there should be full federalization; (2) because full federalization would raise complicated issues that could only be worked out over time, the U.S. should pass legislation bringing pre-1972 sound recordings into the section 114 statutory license, and deal with the rest of the

ent conditions. See 17 U.S.C. § 304(c), (d) (2002).

85. 17 U.S.C. §301 (b)(2). *See* Golan v. Gonzales, 2005 U.S. Dist. Lexis 6800 at *50 (D. Colo. 2005) (holding URAA Section 514 not retroactive because though the provision “grants many retroactive benefits to authors, it does not impose retroactive burdens upon the plaintiffs. This is because Section 514 does not impose upon the plaintiffs liability for, or new duties as a result of, their past conduct. Nor does Section 514 impair rights that the plaintiffs possessed when they acted. In short, Section 514 does not alter the legal consequences of the plaintiffs’ completed acts.” (citations omitted)).

86. *E.g.*, RESPECT Act, H.R. 4772, 113th Cong. (2d Sess. 2014) (to require that digital music services pay for the use of pre-1972 sound recordings in the same manner as they pay for sound recordings protected by federal copyright law); Sound Recording Simplification Act, H.R. 2933, 112th Cong. (1st Sess. 2011) (to amend the Copyright Act to allow Congress to legislate with respect to pre-1972 sound recordings).

87. *See* U.S. Copyright Office, Library of Congress, Music Licensing Study: Notice and Request for Public Comment, 78 Fed. Reg. 14739, 14742 (2014).

federalization issues at some later time;⁸⁸ or (3) federalizing pre-1972 sound recordings in the Copyright Act, or even just including them in the section 114 statutory license, is unfair; it would provide their creators with a windfall at the expense of those who stream digital music.

A. Full Federalization

A number of discussants at the Copyright Office's music licensing roundtables argued for full federalization.⁸⁹ There is no question that federalizing pre-1972 recordings raises some difficult issues. They will not all be enumerated here; they are discussed at length in the Copyright Office's study on pre-1972 sound recordings.⁹⁰ The Office concluded, nevertheless, that these issues are "not insurmountable,"⁹¹ a conclusion with which I concur. For example, difficult problems could arise if the federalization worked a change in ownership. However, if, as the Office suggests, the federalizing legislation were to provide that the owner of rights under federal law would be the owner under state law on the day before the federalizing legislation becomes effective, those issues would largely be avoided.

On January 1, 1978, countless unpublished works were brought under federal copyright law pursuant to 17 U.S.C. § 301, with relatively few problems. Admittedly there are additional issues that pertain to published works, but it is possible to work through them so that the goal of achieving a unitary copyright system is achieved and the stakeholders are fairly treated.⁹²

B. The U.S. Should Pass Legislation Bringing Pre-1972 Sound Recordings into the Section 114 Statutory License Now, and Deal With the Rest of the Federalization Issues Later.

Some discussants argued in favor of dealing with the section 114 license now, and the other aspects of federalization later.⁹³ There are at least two problems with this approach. First, it appears to recognize a federal law right without corresponding exceptions. The Copyright Office Report was effectively initiated by libraries and archives that seek greater

88. This is the approach of the RESPECT Act, *supra* note 86.

89. *E.g.*, U.S. COPYRIGHT OFFICE, TRANSCRIPT OF MUSIC LICENSING STUDY PUBLIC ROUNDTABLE 165-67 (June 17, 2014) (comments of Eric Harbeson); 162-64 (comments of Ilene Goldberg), *available at* <http://copyright.gov/docs/musiclicensingstudy/transcripts/mls-la-transcript06172014.pdf>.

90. *See generally* Copyright Office Report, *supra* note 2, at 139-74.

91. *Id.* at viii.

92. *See generally* Subotnik & Besek, *supra* note 77.

93. *E.g.*, U.S. COPYRIGHT OFFICE, TRANSCRIPT OF MUSIC LICENSING STUDY PUBLIC ROUNDTABLE 149-50 (June 5, 2014) [hereinafter Public Roundtable June 5] (comments of Dean Marks) *available at* <http://copyright.gov/docs/musiclicensingstudy/transcripts/mls-nashville-transcript06052014.pdf>; U.S. COPYRIGHT OFFICE, TRANSCRIPT OF MUSIC LICENSING STUDY PUBLIC ROUNDTABLE 172-73 (June 24, 2014) [hereinafter Public Roundtable June 24] (comments of Colin Rushing), *available at* <http://copyright.gov/docs/musiclicensingstudy/transcripts/mls-nyc-transcript06242014.pdf>.

clarity in governing laws in order to better achieve preservation and scholarly uses of pre-1972 sound recordings. The “114 only” approach is aimed primarily at commercial recordings, and does little to respond to the legitimate concerns of libraries and archives. Second, it is not clear that the complications of full federalization can be avoided by this route. For example, doesn’t one still have to determine ownership under this approach? Moreover, it would not obviate questions about termination rights, takings or the like.

C. Federalization Would Create a Windfall for Creators.

Some discussants argued that including pre-1972 sound recordings in the Copyright Act, and in particular, in the section 114 statutory license, would provide their creators with a windfall.⁹⁴

It is true that creators of pre-1972 sound recordings had no expectation of a performance right in digital audio transmissions when they created their works. At the same time, they *did* have an expectation of continuing to earn revenue from sales of copies (phonorecords) of their sound recordings. The market has changed in a way that few if any persons could have envisioned; increasingly, sound recordings are exploited through digital streaming rather than through distribution of copies. Accordingly, allowing the creators to benefit from the streaming of their recordings is not a windfall.

Some discussants also argued that the creators of pre-1972 sound recordings should not benefit from this new market because it could not have acted as an incentive to the creation of these recordings.⁹⁵ The Supreme Court, however, rejected this “quid pro quo” theory in *Eldred v. Ashcroft*.⁹⁶ Moreover, the benefits of full federalization along the lines proposed by the Copyright Office in its report would accrue not only, or even primarily, to right holders of pre-1972 sound recordings, but also to scholars, researchers, libraries, archives and other users of these recordings.

Since the music licensing roundtable discussions, there has been a state law case that will likely lead to greater disarray in the laws governing pre-1972 sound recordings. In *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, the federal district court for the Central District of California concluded that California state law provided a public performance right in sound recordings created by “The Turtles” in the 1960s.⁹⁷ It held that Sirius XM violated plaintiffs’ rights under state law by transmitting the Turtles’ recordings over its satellite and internet radio services.⁹⁸

94. *E.g.*, Public Roundtable June 24, *supra* note 93, at 174-75 (comments of Bruce Rich); Public Roundtable June 5, *supra* note 93, at 170 (comments of David Oxenford).

95. *E.g.*, Public Roundtable June 24, *supra* note 93, at 175-76 (comments of Bruce Rich); Public Roundtable June 5, *supra* note 93, at 169-70 (comments of David Oxenford).

96. *Eldred v. Ashcroft*, 537 U.S. 186, 214-17 (2003).

97. *Flo & Eddie*, *supra* note 53.

98. The court held that Sirius XM’s transmissions violated Cal. Civ. Code §980(a)(2) (West 1982) as well

The court recognized a full public performance right that apparently would permit sound recording owners to enforce against non-digital performances, such as those by radio stations' terrestrial broadcasts. It never directly addressed the fact that since the time sound recordings were commercially exploited until the present, music industry stakeholders have been conducting themselves as though no such right exists. According to the court, the issue of whether there is a state law public performance right for pre-1972 sound recordings had never been squarely presented to a California court before.⁹⁹

This ruling, which recognizes a state law performance right that exceeds the scope of federal rights in sound recordings, will certainly create controversy and is likely to be appealed. Owners of federally protected sound recordings have repeatedly sought to extend the public performance right in sound recording to terrestrial broadcasts, but broadcasters have been firm in their opposition. This holding will undoubtedly be appealed, but if it stands it could lead to greater support for incorporating pre-1972 sound recordings into federal copyright law from terrestrial broadcasters and from users who seek relief from the increasingly confusing array of state laws.

CONCLUSION

Pre-1972 sound recordings are currently protected by a patchwork of state laws. Legislation to make all pre-1972 recordings subject to federal copyright law (including the section 114 statutory license) would eliminate the disparate sources of protection for these recordings and the necessity to consult the inconsistent and sometimes hard to discern state laws to determine whether pre-1972 sound recordings may permissibly be used. At the same time, it would reduce the disparate treatment of domestic pre-1972 sound recordings and foreign pre-1972 sound recordings whose U.S. copyrights have been restored.¹⁰⁰

Federalization would enable archiving and other scholarly research and use that is currently hampered by the lack of discernable, consistent exceptions among the states, as well as terms of protection under state law that can extend until 2067. One of goals of those who sought the sound recording study was to be able to preserve and provide access to old recordings.

Finally, federalization of pre-1972 sound recordings would reduce confusion. One cannot always readily determine if a particular recording is protected by state law, by federal copyright law as a restored work, or by federal copyright law as a protected derivative work. Federalizing pre-1972 sound recordings raises some tricky issues, but those issues can be overcome by careful drafting, in particular to ensure that federalization does not effect a

as Cal. Bus. & Prof. Code § 17200 (West 1992) (unfair competition and common law misappropriation). It declined to rule on summary judgment as to whether Sirius XM made infringing reproductions.

99. Flo & Eddie, *supra* note 53, at *15.

100. *See supra* note 16.