COPYRIGHT PROTECTION OF SOUND RECORDINGS

When the romanticist conceptualizes "pirates," his mind paints images of Long John Silver and treasure chests. If the subject of piracy is presented to contemporary minds the immediate recollection is of the air pirate demanding $500,000.00 and clear title to the plane. Yet the most lucrative pirate operates amid fortifications of electronic recording equipment in a clandestine warehouse making copies of popular sound recordings. Sound recording piracy has been the source of fortunes to the priates and a tremendous loss of profit to the legitimate recording industry.

I. The Pirate Problem

The usual procedure employed by the pirate is to purchase phonograph records or magnetic tape recordings from a legitimate source and then mechanically or electronically reproduce the recording on a blank disc or magnetic tape. The process for copying phonograph records (hereafter referred to as phono-records) is quite complex. The process requires a very large and expensive metal disc-press that in effect stamps the grooves on a plastic disc. Copying magnetic tapes is a fairly simple process requiring only two tape recorders as a minimum, hence it is the more widespread practice.

The cost of setting up the pirate's practice is minimal,[1] yet the legitimate recording company's cost is monumental in comparison. They must pay performers, composers, and technical and promotional fees. They also require a very large and expensive physical plant. To compound the problem the legitimate recording industry must swallow the sour notes of 90 percent of all sound recordings[2] they produce. That is, only 10 percent of all recordings produced will show any profit whatsoever.[3] However, the electronic pirate copies only the "top 40" popular records with a proven financial track record. A recording company will risk up to $200,000.00 in marketing a single record.[4] The pirate risks nothing and can make profit margins of at least 200 per cent.[5]

The economic impact of pirates on the legitimate industry is staggering. In 1970 alone the pirates took $100 million from the recording industry.[6] The magnitude of the loss is readily comprehensible when it is understood that

1. Costs range from several hundred dollars for a "do-it-yourself" operation to $50,000.00 for a nationwide business. *Hearings on S. 646 and H.R. 6927 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 92nd Cong., 1st Sess. 45-46 (1971) [hereinafter cited as *1971 Hearings*].
2. The class of sound recordings includes all phono-records, 8-track cartridges, cassettes, reel-to-reel tapes, etc., (hereinafter cited generally as recordings).
3. *1971 Hearings, supra* note 1, at 39.
4. *Id.*
5. *Id.* at 64.
6. Estimates have run as high as $150 million per year.

provision can make similar use only and not an exact duplication of another's recording.[29] Therefore, under this decision, the only way a compulsory licensee could produce the copyrighted composition would be to employ his own musicians and make his own arrangement of the work. This case, however, is a marked departure from the subtantial weight of authority.[30] Hence, as stated previously, the traditional approach for performers and recording manufacturers has been in the state courts.[31]

Several states took the initiative of providing protection for performers and producers by enacting anti-piracy statutes.[32] In Los Angeles, where at one time it was estimated that over 2,000 recording pirates operated,[33] a municipal ordinance was enacted to serve the same purpose.[34] In most other areas a plaintiff must rely upon a variety of legal theories to thwart the pirate's practices.[35] The most common approaches used were theories of unfair competition and "common law copyright."

Prior to the Copyright Act, the common law right of an author was basically the right of first publication.[36] Alternatively, the author had the right to prevent publication entirely. Once the author "published"[37] the work, at common law, it was dedicated to the public domain.[38] However, as long as the work remains unpublished the rights of the author are said to be absolute in his work.[39] Thus an "unpublished" work has always been protected from unauthorized copying.[40] The application of common law copyright principles to recordings was based on various theories. For example, it was well settled that a *performer's* work contribution in a recording was protected, but only to a limited extent. The performer's rights were similar to those of a lecturer in his public address; basically a recognition of authorship.[41] Another theory relates to the previous discussion of "publication." If an author of an uncopyrighted musical composition did not publish the work his rights were considered absolute. Older case law developed the principle that a recording did not constitute a publication of the work,[42] hence an action arose for the unauthorized copying of a recording of an uncopyrighted composition. There

29. *Id.* at 1310.
30. One early case took a very similar position in holding that under the compulsory license provision of the Copyright Act, the subsequent user does not have the right to copy the recording and avail himself of the skill, ingenuity, and labor of the original producer of the recording. Aeolian Co. v. Royal Music Roll Co., 196 F. 926 (W.D.N.Y. 1912).
31. HALPERN, *supra* note 27.
32. *Id.* at 969.
33. *1971 Hearings, supra* note 1, at 28.
34. LOS ANGELES, CAL., MUNICIPAL CODE § 42.19.1 (1955).
35. For a list of cases and theories used, *see* HALPERN, *supra* note 27.
36. NIMMER § 111, at 453 (1972).
37. The topic of "publication" with respect to the copyright laws is thoroughly presented in NIMMER §§ 46-59 (1972).
38. Holmes v. Hurst, 174 U.S. 82 (1899).
39. American Tobacco Co. v. Werckmeister, 207 U.S. 284, 299 (1907).
40. NIMMER § 11, at 455 (1972).
41. HALPERN, *supra* note 27, at 970.
42. Greenspan, *Preserving Rights in Recorded Works*, 4 PATENT L. REV. 291, 295 (1972). [Hereinafter cited as GREENSPAN].

is some indication that because of this factor some recording companies would not obtain copyrights on their written musical compositions and would opt for the common law protection.[43] However, this protection did not exist after the 1950 decision in *Shapiro, Bernstein & Co. v. Miracle Record Co.*[44] Since that time "the courts have been almost unanimous in holding that public distribution of an uncopyrighted, recorded work *does* constitute a publication and hence divestment of common law rights in the work recorded."[45] This new approach marked the realization that a recording accomplished the same result as a publication in that it effectively dedicated the work to the use and enjoyment of the public. Although this rule was a more realistic and rational view, it stripped the industry of another remedy. Thereafter much of the litigation pursued theories of unfair competition.

The impetus for the development of the use of the unfair competition theory was the landmark Supreme Court case of *International News Service v. Associated Press (INS).*[46] The Court here ruled that a news service that had misappropriated the work-product of another, even though there was not an attempt to "pass it off" as its own, was guilty of unfair competition. The defendant's practice was to compile its reports in part from plaintiff's news releases without making an independent reporting effort and without the plaintiff's authorization. The defendant did not claim that its news service was the product of its exclusive independent efforts. As discussed in *INS* the traditional elements of an unfair competition action were: actual competition between the parties, misappropriation by one of the parties of another's valuable work-product, and the "passing-off" of the other's work-product by the guilty party as his own work. In ruling that the element of "passing-off" was no longer necessary to state a cause and base an action, the Supreme Court shifted the emphasis to a finding of misappropriation without a good faith independent work effort. Thereafter, in *Waring v. WDAS Broadcasting Station, Inc.*,[47] the Pennsylvania supreme court used the *INS* rationale to prevent the appropriation of the plaintiff's recorded performance by defendant's radio station even though there was no evidence of fraud, or "passing-off." In later cases the unfair competition theory was extended to cases where there was no finding of "passing-off" or of any *direct competition.*[48]

In 1964 the entire area of state unfair competition law was shaken by two design patent cases. The Supreme Court in *Sears, Roebuck & Co. v. Stiffel*[49] and *Compco Corp. v. Day-Brite Lighting, Inc.*[50] restricted the develop-

43. *Id.*
44. 91 F. Supp. 473 (N.D. Ill. 1950).
45. GREENSPAN, *supra* note 42, at 296.
46. 248 U.S. 215 (1918).
47. 327 Pa. 433, 184 A. 631 (1937).
48. Tape Indus. Ass'n v. Younger, 316 F. Supp. 340 (C.D. Cal. 1970); Gieseking v. Urania Records, Inc., 17 Misc. 2d 1034, — N.E.2d —, 155 N.Y.S.2d 171 (Sup. Ct. 1955); Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp., 199 Misc. 786, — N.E.2d —, 101 N.Y.S.2d 583 (Sup. Ct. 1950), *aff'd* 107 N.Y.S.2d 795 (App. Div. 1951).
49. 376 U.S. 225 (1964).
50. 376 U.S. 234 (1964).

ing unfair competition law by ruling that a state cannot grant relief at common law that would be an encroachment upon the federal (patent) law. Thus it would seem as a result of *Sears* and *Compco* cases the states would be precluded from granting any common law relief that would encroach upon the copyright laws; that being the province of the federal government. The dispute over whether it was the intention of the Supreme Court to preempt state law with respect to all work which might be within the province of the federal copyright laws or to allow the states to legislate laws related to and not inconsistent with the federal law was decided recently in *Goldstein v. California.*[51] The Supreme Court held that under the Constitution, the states have not relinquished all power to grant to authors "the exclusive Right to their respective Writings . . . "and state laws preventing recording piracy were not necessarily void. This case did not treat the issue of unfair competition and it is generally considered that *Sears* and *Compco* did not overrule the INS case.[52] In spite of *Sears* and *Compco*, lower courts continued to use the unfair competition theory in attacking piracy but they returned to a somewhat more restrictive application. Undoubtedly the states were reluctant to deny performers and recording manufacturers relief from the pirates because of the shortcomings of the Copyright Act.

Regardless of the type of state remedy sought, it was most often futile to file an action. Pirates, when sued in a particular jurisdiction, would simply move on to the next state and re-establish the operation.[53] State remedies were wholly inadequate; a recording company could spend up to $5,000.00 to bring a suit only to have a pirate fined $250.00 and left free to resume his practices. Federal legislation was imperative to the recording industry.

III. The Sound Recording Amendment

The Sound Recording Act, when it was finally enacted, was the culmination of over thirty abortive legislative attempts to provide federal copyright protection for sound recordings.[54] The Act took effect on February 15, 1972 as an interim measure, contemplating a complete revision of the Copyright Act before its expiration date of January 1, 1975.[55]

Sound recording is defined under the amendment[56] as "works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture.[57] Reproductions of sound recordings are defined as "material objects in which sounds . . . are fixed by

51. 93 S. Ct. 2303 (1973).
52. Tape Indus. Ass'n v. Younger, 316 F. Supp. 340 (C.D. Cal. 1970). At least one case declared that *Sears* and *Compco* had overruled *INS*. Columbia Broadcasting System v. DeCosta, 377 F.2d 315 (1st Cir. 1967).
53. *1971 Hearings, supra* note 1, at 38.
54. Halpern, *supra* note 27, at 976.
55. 17 U.S.C.A. §§ 1 *et seq.* (Supp. 1973).
56. 17 U.S.C.A. § 26 (Supp. 1973).
57. The sounds accompanying motion pictures were protected by the Copyright Act prior to the amendment. 17 U.S.C. § 5(1) (1947).

any method . . . and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device . . . ."[58] Under the amendment, the "sound recording" is granted limited protection by the prohibition of the unauthorized "reproduction of sound recordings." The right that is created in favor of the sound recording copyright owner is the right to reproduce and distribute reproductions of the recordings.[59] This right is described as "limited" because it is restricted to the right to duplicate sound recordings that "directly or indirectly recapture the *actual* sounds *fixed* in the recording." This will, however, protect both the original recording and all intermediate recordings made therefrom. It has been suggested that the prohibition on "indirect recapture" will prevent another from using the protected recording as background material by super-imposing the actual sounds on an unprotected work.[60] Hence it appears that in order to avoid infringement the new work must be an independent effort, created without utilizing the actual sounds of the copyrighted recording.

Since the Sound Recording Act applies only to reproductions in a "tangible form,"[61] it is not infringement of a sound recording copyright to play it on a jukebox, or broadcast the recording on radio or television.[62] Further, it is not infringement for a public radio station, for example, to make reproductions of a recording that are "exclusively for their own use."[63] Neither was it the legislative intent to make home recording of tapes and records a violation of law if they were not sold.[64]

Based upon the differences in the extent of protection in a sound recording copyright and a general copyright, the notice requirement of Section 19 of the Copyright Act was also amended.[65] Thus instead of using the traditional letter "C" in a circle, the notice of copyright on a recording is the letter "P" in a circle.

There is no mention in the amendment as to who owns the copyright in a a sound recording. Since both the performer and the producer/manufacturer contribute "authorship" to the work, it is generally considered that either can own the copyright and the question of ownership is left to negotiation between the parties.[66]

Assume that in spite of the Act the pirate continues his illegal work. What are the damages available to the copyright owner? Generally the owner of a sound recording copyright has the same remedies available to him as do the owners of any other copyright. Upon infringement he may obtain an injunc-

58. 17 U.S.C.A. § 26 (Supp. 1973).
59. 17 U.S.C.A. § 1 (f) (Supp. 1973).
60. GREENSPAN, *supra* note 42, at 326.
61. 17 U.S.C.A. § 1(f) (Supp. 1973).
62. HALPERN, *supra* note 27, at 980.
63. *Id.*
64. H.R. REP. No. 487, 92nd Cong., 1st Sess. 7 (1971).
65. 17 U.S.C.A. § 19 (Supp. 1973).
66. GREENSPAN, *supra* note 42, at 310.

tion,[67] sue for recovery of the infringer's profits in addition to actual damages suffered, or in lieu of actual damages and profits, the copyright owner can sue for statutory damages of one dollar per recording sold by the infringer and for each recording in his possession up to a maximum of $5,000.00,[68] or have all the infringing copies and the equipment used to produce those copies impounded[69] or destroyed.[70]

It must be noted that the Sound Recording Act did not make recordings subject to compulsory licensing, for to do so would defeat the purpose of the Act. If a compulsory licensing applied to sound recordings any person could, upon payment of two cents per recording, copy and sell recordings *without* having to pay performers and technicians. Further, in *Shaab v. Kleindienst*[71] the District Court for the District of Columbia held that to extend the compulsory license provision to sound recordings would not result in a "public benefit." The public benefit referred to is consumer choice being expanded by encouraging "numerous artistic interpretations of a single written composition."[72] Although the licensing provision was not extended to sound recordings, it is believed that courts may still use the measure of two cents plus the discretionary six cents per copy as a *minimum* computation of damages.[73]

An infringing pirate can also be criminally prosecuted upon proof of "willful infringement for profit." Amended Section 101[74] of Title 17 declares that any person who willfully infringes a sound recording copyright for profit will be subject to the criminal section[75] of the copyright law which provides for imprisonment and/or fine.

IV. Conclusion

Thus, the Sound Recording Act has apparently granted substantial protection to recording artists and manufacturers, but only for those recordings produced after February 15, 1972. Does this fact grant pirates an "open season" on all recordings fixed prior to the effective date of the Act? The question was answered in the negative in *Tape Head Co. v. R.C.A. Corp.*,[76] The Sound Recording Act expressly stated that it in no way affected the existing rights in sound recordings produced prior to the effective date of the amendment.[77] This was reiterated in *Goldstein v. California*[78] when the Supreme Court upheld a criminal conviction based on a California anti-piracy statute

67. 17 U.S.C.A. § 101(a) (Supp. 1973).
68. *Id.* § 101(b).
69. *Id.* § 101(c); *see also* Duchess Music Corp. v. Stern, 458 F.2d 1305 (9th Cir. 1972).
70. *Id.* § 101(d).
71. 345 F. Supp. 589 (D. D.C. 1972).
72. *Id.* at 590.
73. Greenspan, *supra* note 42, at 310.
74. 17 U.S.C.A. § 101(e) (Supp. 1973).
75. *Id.* § 104.
76. 452 F.2d 816 (10th Cir. 1971).
77. 17 U.S.C.A. §§ 1 *et seq.* (Supp. 1973).
78. 93 S. Ct. 2303 (1973).

protecting recordings made prior to the effective date of the new law. Therefore, whatever remains of the unfair competition theory, or any other theory, is still an available remedy for artists and producers.

The Sound Recording Act is not unique to the United States; various European countries provided like protection previous to enactment in the United States.[79] Recently, Singapore passed legislation similar to the Sound Recording Act. Reports on that legislation indicate that the illicit copying practices have have been substantially eliminated.[80]

The deterrent effect of the Act in the United States has not yet been accurately determined. When a pirate duplicates a magnetic tape or phonograph record and further duplicates the jacket or cover, it is next to impossible to discern the legitimate from the illegitimate recording. Thus the foremost problem that remains for the recording industry is in detection and apprehension of the pirates. Once the infringer is brought into court, a comprehensive remedy is available.

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79. *See* Goldstein v. California, 409 U.S. 821 (1972).
80. European statutes are not all based on copyright laws—some are predicated upon unfair competition theories. *1971 Hearings, supra* note 1, at 8.
81. *1971 Hearings, supra* note 1, at 10.

Case Notes

CONSTITUTIONAL LAW—DENIAL OF GOOD TIME CREDIT TO PRISONERS FOR PRE-SENTENCE JAIL TIME AGAINST MINIMUM PAROLE DATES DOES NOT CONSTITUTE A VIOLATION OF EQUAL PROTECTION.—*McGinnis v. Royster* (U.S. 1973).

Appellees, Royster and Rutherford, were unable to post bail, and were incarcerated in a New York county jail prior to their being convicted of felonies and sentenced to state prison.[1] A New York statute,[2] which provided that prisoners could be awarded good time credit for good behavior and performance of duties in *a state prison*, denied such credit with respect to pre-sentence time served in a *county jail*. Appellees claimed that denying them such credit, while permitting it for the full period of incarceration to those prisoners who had been released on bail, deprived appellees of equal protection of the laws. A three-judge federal district court was convened[3] and upheld the appellees claim granting declaratory and injunctive relief. The district court held that the statute constituted invidious discrimination against those prisoners too poor to post bail.[4] On appeal from the federal district court the United States Supreme Court, *held*, that the state statute was designed to allow a full evaluation of an inmate's progress toward rehabilitation and, since that is a legitimate state goal, a denial of good time credit for time served in county jails which lack rehabilitative programs is reasonable. *McGinnis v. Royster*, 93 S. Ct. 1055 (1973).

The equal protection clause of the fourteenth amendment to the Constitution of the United States represented a societal response to an era of intense racial discrimination, and an attempt to make men somewhat more equal in the eyes of the law. When it was first interpreted in the *Slaughter-House Cases*,[5] the United States Supreme Court expressed doubt that its protective purview would be extended to any discriminatory laws other than those directly aimed at an individual's race. History, however, has shown the Court unwilling to hold to that qualified position and, at this point in time, the scope of the equal pro-

1. Appellee Royster had spent 404 days, and Rutherford, 242 days, of jail time awaiting their trial and sentencing. It was undisputed that had they received good time credit while in jail, appellees would have been eligible for parole nearly 4 and 3 months earlier, respectively.

2. N.Y. CORRECTION LAW § 230(3) (McKinney 1968), states:
> In the case of a definite sentence prisoner, said reduction shall be computed upon the term of the sentence as imposed by the court, less jail time allowance, and in the case of an indeterminate sentence prisoner, said reduction shall be computed upon the minimum term of such sentence, *less jail time allowance.* (emphasis added).

3. Royster v. McGinnis, 327 F. Supp. 1318 (S.D.N.Y. 1971).

4. Royster v. McGinnis, 332 F. Supp. 973 (S.D.N.Y. 1971).

5. 83 U.S. 36 (1872).