

Copyright Office - Pre-72 Study Reply Comments

April 12, 2011

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Subj: Reply Comment Regarding Federal Copyright Protection of Sound Recordings
Fixed Before February 15, 1972

The Association for Recorded Sound Collections is a non profit organization founded in 1966, represents scholars and archivists, and is dedicated to the preservation and study of sound recordings in all genres of music and speech, in all formats, and from all periods. It holds an annual conference, publishes a peer-reviewed journal, and is unique in bringing together private citizens and institutional professionals to work on issues of common concern regarding recordings.

The following comments are endorsed by the Historical Recording Coalition for Access and Preservation, consisting of ARSC, The Music Library Association, the Society for American Music and the Popular Culture Association.

ARSC strongly supports bringing sound recordings fixed before 1972 under federal jurisdiction. We appreciate the opportunity to respond to certain statements made in the comments of other organizations, in particular the Recording Industry Association of America (RIAA) and American Association of Independent Music (A2IM). We believe it is important for Congress to make decisions in this important matter on the basis of relevant facts and data as opposed to unsubstantiated generalities, and we will endeavor to offer such facts for your consideration. ARSC was founded for the express purpose of preserving our recorded heritage and encouraging scholarship into that heritage; it is why we exist. We stand ready to respond to any questions that Copyright Office or Congressional personnel may have in this area.

It should be noted that the positions advocated by ARSC are not intended to deprive record companies and other rights holders of income from historical recordings. Many of our members are themselves intellectual property rights holders. Nevertheless we believe that rights holders as well as the general public are best served by *limited* copyright terms. It is understood that a 95-year term, and even a 177-year term (the

length of time an 1890 recording is protected by state and common law under the present law) is technically a "limited" term under the U.S. Constitution. However ARSC believes that the extension of copyright terms, and suppression of historical recordings until 2067 is perceived by the public as over-reaching by rights holders and fuels general disrespect for the concept of copyright, and as such, threatens the viability of legal exploitation of intellectual property. Also, we are concerned that without the ability to freely copy, preserve and disseminate historical materials, it's likely that unique materials that currently survive will vanish through loss, accident and deterioration.¹

This reply comment consists of two sections, the first responding to assertions made by RIAA and A2IM under its sections I ("private solutions") and II ("preservation and access issues"), and the second to its section III ("legal issues").

I. GENERAL COMMENTS

1. Regarding the assertion that Congress should “allow the marketplace for the legal use of commercially viable [older] recordings by rightsholders to expand, and to reduce the high levels of piracy that harm these markets, especially for ‘low margin’ materials like older recordings that make it so costly and risky to make these recordings widely accessible.”²

Based on the experience of the last half century we believe that the idea that large commercial interests will for the first time find a way to expand the market for older recordings and make them “widely accessible” is highly implausible. Unfortunately, this would defy the laws of economics. The RIAA/A2IM statement itself undercuts this idea in many places by explaining how costly and impractical it is for entities that depend on mass distribution to profitably market limited demand goods.³ Establishing even tighter copyright control (“reduce the high levels of piracy”) in the vague hope that this will induce rights holders to make the locked-up material available is a chimera, and has been proven so during the thirty-plus years since the passage of the 1976 copyright act. The data from the *Survey of Reissues* study,⁴ cited in our original comment, make it amply clear that even with repeated increases in copyright protections rights holders have not in fact made limited-demand historical recordings available in any widespread way. It is simply not economically feasible for them to do so, for the reasons the RIAA/A2IM themselves explain elsewhere in their comment.

It is worth noting that *no other country in the world* that we know of expects its rights holders to fulfill this function. All work under the premise that after recordings (and other IP) as a class exhaust their principal economic value, they must pass into a

¹ The RIAA/A2IM acknowledges this danger in its own report, stating for example "A number of the Everest recordings' original master tapes have already been lost to decay and age..." Comments of Recording Industry Association of America (RIAA) and American Association of Independent Music (A2IM), 10. At <http://www.copyright.gov/docs/sound/comments/initial/20110131-RIAA-and-A2IM.pdf>.

² *ibid*, 3.

³ *ibid*, 8, 9, 21.

⁴ Tim Brooks, *Survey of Reissues of U.S. Recordings*. Council on Library and Information Resources and Library of Congress, August, 2005.

public domain in which public and private entities including but not limited to libraries and archives can preserve and distribute them freely. This basic premise of copyright for “limited times” is of course embodied in the U.S. Constitution as well, but has been undercut as regards recordings by ill-considered legislation that eliminates the possibility of a public domain for recordings in this country for at least the next half century (until 2067). The RIAA/A2IM would have us perpetuate this anomalous situation, one that has clearly failed to achieve its goals, on the vague promise that if they are permitted to retain control maybe something will change.

2. Regarding the assertion that the way to improve preservation and access is to have “continuing and expanding partnerships between rights holders and private institutions, such as libraries and archives, for out-of-print commercial recordings and non-commercial materials.”⁵

As the continuing Google book-scanning case demonstrates, private agreements such as those cited by the RIAA/A2IM cannot substitute for Congressional action where public policy and copyright law intersect. Nor can agreements between two parties, while welcome in many instances, satisfy the public interest by favoring only the commercial interests of one side, or be truly fair if one party has a monopoly on defining terms, crafted for its own benefit. Some of these conditions are apparent in the RIAA/A2IM comment, as when it refers to “working with *bona fide* collectors and enthusiasts on *specifically identified* out-of-print commercial and non-commercial collections.”⁶ Who decides who is a “bona fide collector” or what are “specifically identified... collections”? Further, RIAA/A2IM says “these private agreements could, by mutual cooperation, improve public access to *certain* materials – with access ‘staged’ at varying degrees, *depending* on the nature and age of the material (i.e. lesser commercial material), and the *nature* of the access (i.e., education and research).”⁷ The RIAA and A2IM speak of relying on “civic responsibility” (p.4) rather than any legal or economic incentive to ensure preservation and access to historical materials. We believe that given the record of the last 30 years this approach is folly.

3. Regarding the assertion that “two historic agreements... illustrate [that] marketplace solutions can effectively and efficiently target catalogs, especially out-of-print commercial recordings, for improved preservation and public access.”⁸

RIAA/A2IM make much of the Sony and Universal Music Group agreements with the Library of Congress, but fail to mention the considerable number of rights holder-imposed restrictions they include. The Library of Congress is to be congratulated for achieving as much as it did for the American people in these hard-won agreements, but far from being “effective” and “efficient,” they dramatically illustrate how skewed such arrangements can be when the law gives such a one-sided advantage to one party in a negotiation. It is no accident that, despite having negotiated these agreements, the

⁵ RIAA and A2IM Comments, 3.

⁶ RIAA and A2IM Comments, 6, emphasis supplied.

⁷ RIAA and A2IM Comments, 7, emphasis supplied.

⁸ RIAA and A2IM Comments, 4.

Library of Congress urges in its own comment that the real solution to the crisis in preservation and access is federalization. First, the agreements allow only streaming (“you can hear it, on our terms, but you can’t copy it”) which any scholar will acknowledge is inadequate (scholars often need to work with audio sources, especially early ones, intensively in ways that simple real-time streaming does not permit⁹), and which undercuts any value of dissemination as preservation. Second, it is for a finite term. Third, specific recordings can be withheld at will by rights holders, no matter their age or importance, with no reason given.

Fourth, the Sony agreement is restricted to acoustical recordings¹⁰, generally, those made before the spring of 1925. The great majority of the recordings to be included on the Library of Congress website would normally be in the public domain, had they been subject to federal copyright law. The exact details of the Universal Music Group agreement with the Library of Congress have not been made public, but sources at the Library of Congress have reported that the agreement does not name any specific recordings, or groups of recordings, that will be licensed for public web access. It is also our understanding that downloading of UMG recordings will not be allowed.

In the eyes of many, these agreements constitute a “sweetheart deal” for rights holders. All costs of digital transfer will be borne by the American taxpayer, yet Sony and UMG alone get the benefits of commercial exploitation of the digital transfers that were created with our tax dollars. The American people (i.e. the Library of Congress) get no rights whatsoever. The UMG deal is even sweeter as taxpayers will now bear the costs of physical storage of the company’s master recordings as well, again with no rights to them.

These two agreements, cited by the RIAA and A2IM as ideal partnerships and collaborations that make a public domain unnecessary, shift the burden of preservation to the public sector, providing little to the public aside from a license to stream recordings made in a limited period beyond what a public domain might provide, with no downloading. U.S. taxpayers supporting the digitization and storage of these recordings are provided no right to possess copies of the recordings, no matter how old they, or how long they have been out of print and inaccessible to these taxpayers.

The RIAA/A2IM also boast about the preservation activities of EMI, which is ironic as most of them have taken place in the U.K., a country with a fifty-year copyright term for recordings. Clearly it was not necessary to lock up all recordings ever made for the next fifty years to incentivize the company to make a commitment to history. We believe the actions of EMI have more to do with the greater appreciation of cultural history in Britain than seems to be present in the rights-focused U.S.A. Amazingly, RIAA/A2IM even take credit for the Encyclopedic Discography of Victor Recordings (EDVR), a discography now online via the University of California-Santa Barbara. This

⁹ Portions may need to be isolated and repeated, speeds and filtering may need to be varied, and entire selections (or portions of them) may need to be edited and juxtaposed for A-B comparisons.

¹⁰ Recordings made before the introduction of microphones and electrical amplification. Sound was captured by strictly mechanical means (through horns), resulting in limited frequency range and fidelity.

massive project was the work of two dedicated private collectors, Ted Fagan and William Moran, who were given access to Victor files.¹¹ In the 1980s, Victor supported the creation of an Oracle database of the discography, in part because it could use it for its own inventory control purposes. That database is no longer used by the project. Sony Music Entertainment (current holder of the Victor copyrights) has provided access to historical files in its archives, but no financial support for the online discography at UCSB; this has been paid for by federal and private grants and a bequest left by Mr. Moran. It is only through the dedication of non rights holders that the EDVR even exists. To call the Library of Congress agreements with Sony and UMG, the U.K.-based initiatives of EMI, and the collector-driven EDVR examples of effective, efficient “market-driven” preservation and access is ludicrous. They are rather a glimpse of what the U.S. might have if it had a more rational policy regarding historical sound recording rights, similar to that of other countries.

Figures on exact expenditures on preservation by rights holders have never been made public. There is no evidence of commitment by rights holders, presently, to preservation of masters, beyond those slated for immediate re-issue. The number of archives staff employed by rights holders is known to have diminished significantly in the last five years. Staff have been dismissed. Re-formatting studios have been shuttered. A catastrophic fire in Los Angeles in 2008 is reputed to have claimed master tapes and metal parts.¹² All available evidence points to a shift of responsibility to the public sector, with little to no compensation offered, either directly, or in-kind.

4. Regarding the assertion that federalization would bring “significant economic harm” to current rights holders.¹³

Once again there are general statements about “great cost[s]”¹⁴ but no data is provided. No actual revenue from older recordings, or even the scale of such revenue, is cited. Moreover most examples that are cited of supposedly valuable recordings are from the 1940s and 1950s, with few from the 1930s or earlier (pp.9-15). In fact, most members of the RIAA hold no recordings made prior to 1940.

It is essential to keep in mind that under federalization all recordings made after 1922 would remain protected for many years to come. If present terms were preserved, recordings made in 1940 would not pass into the public domain until 2035, giving rights holders nearly a century to maintain monopoly rights and claim every last drop of commercial value. This is far longer than is allowed elsewhere in the world, or that is supported by independent economic analysis (see ARSC Comment, p.5 for European

¹¹ Tim Brooks, “Two Collectors Who Made a Difference,” *In the Groove*, August/September 2010, 27-28.

¹² John Horn and Susan King, “Prints of Classic Films Lost in Blaze,” *Los Angeles Times*, June 4, 2008. Nancy Dillon, “Universal Studios Fire Silences Music of Bing Crosby, Connee Boswell,” (New York) *Daily News*, June 3, 2008. UMG has been secretive about exactly what was lost in the fire, and reports from those close to the situation have varied. Whatever the actual loss, this is evidence of how little Americans are allowed to know about the state of their audio heritage under current laws.

¹³ RIAA and A2IM Comments, 5.

¹⁴ RIAA and A2IM Comments, 17.

studies of this matter). In short, most of the specific recordings and artists cited in the RIAA/A2IM comment are simply not at issue.

Since we believe this matter should be considered on the basis of facts rather than general assertions, we will endeavor to introduce some data that bears on the commercial viability (or the lack of it) for historical recordings. In our earlier comment we noted that no compilation of acoustical (pre-1925) recordings has ever placed on the *Billboard* best selling albums chart, even briefly, in at least the last half century. These charts are quite comprehensive, listing up to 200 albums per week, and include placement on *Billboard's* "catalog" charts.¹⁵

If no historical reissue has risen to this level of popularity, even for a single week, how many units do such reissues sell? An article in the Spring 2010 issue of the *ARSC Journal* described the RCA Victor "Vintage" series of the 1960s and 1970s, which consisted primarily of jazz and personality recordings dating from the 1920s to the 1940s.¹⁶ These would presumably be the *most* commercially viable of historical recordings. More than 80 LPs were issued over an eight year period (1964-1972). These recordings were not as old (then) as the recordings now being contemplated for federalization, and there was very little acoustical material included. In essence this series gives us a glimpse into the relative sales that might be expected in a "best case" historical reissue program. The article included sales figures for many of these reissues, and concluded that (1) surprisingly, sales were quite similar for the different LPs irrespective of their content, and (2) they averaged about 5,000 units per reissue title per year-- compared to at least 20,000 to 40,000 for even modestly popular regular releases of the same era (hits could of course sell in the millions). The series was kept alive only due to the dedication of a few middle level executives, and was eventually discontinued as not commercially viable.

It is now well known that audio preservation by rights holders has a very sporadic history. The series of award-winning *Billboard* articles by Bill Holland, cited in the NRPB preservation study, recounts decades of neglect of archives by record companies. In the 1990's and early 2000's, corporate investment in archives increased, but more recently we believe there has been significant downsizing of preservation activities by recording companies. Sony Music closed their record studios in New York's West Side; staff members were laid off by Universal Music in 2010.

The rights holders reissues of 78-rpm era recordings that do occur often derive from discs borrowed from collectors and libraries. With the exception of EMI, major rights holders hold very few 78-era recordings in their archives. It should be noted that

¹⁵ Association for Recorded Sound Collections. Comment on Federal Copyright Protection of Sound Recordings Fixed Before February 15, 1972. At <http://www.copyright.gov/docs/sound/comments/initial/20110128-Tim-Brooks-ARSC.pdf>

¹⁶ Norm Cohen, "The RCA Victor Vintage LP Series: Homage to Brad McCuen and a Tribute to Archie Green," *ARSC Journal*, Vol. 41, No. 1 (Spring 2010), 1-23.

EMI's archives of 78-era recordings are held by a charitable trust, the EMI Group Archive Trust.¹⁷

A few figures provided by RIAA/A2IM illustrate how modest the industry commitment to preservation and access has actually been. It is stated that Concord Music Group "has spent over a million dollars since 2004 in its digitization, preservation, archiving and storage efforts and estimates that it will spend hundreds of thousands of dollars per year in ongoing costs." (p.10). One million dollars over six years is less than \$167,000 per year, the equivalent salary of one mid-level record company executive. Moreover, the preservation cited has been targeted at "those recordings having the most commercial value." (p.9). Later it is stated that "To date, EMI estimates that it digitally remastered and marketed approximately 100 sound recordings that predate 1923." (p.12) The conclusion to be drawn from this statement is that with the exception of 100 recordings, tens of thousands of master recordings, representing a quarter of a century of music recorded in Europe, Africa, and Asia, prior to 1923, remain unavailable. Further, "To date, EMI estimates that it digitally remastered approximately 1,200 sound recordings, first fixed between 1923 and 1930, for commercial purposes." (p.13) This suggests that of the tens of thousands of recordings made by all EMI companies between 1897 and 1930, fewer than 75 hours of recordings have been reissued.

5. Regarding the assertion that "twice before – over forty years ago – Congress considered whether to generally provide protection to pre-existing recordings or only newly fixed recordings. Twice – in 1971 and 1976 - Congress decided to extend broad federal protection only to newly fixed recordings..."¹⁸

This substantially misrepresents the history of Congressional consideration of copyright coverage for pre-1972 recordings. The 1971 act was temporary legislation, renewed annually, intended to cover current recordings until the many issues surrounding general copyright protection for sound recordings could be resolved. That general revision took place with the 1976 act.

Section 301(c), which codifies the decision to exempt pre-1972 recordings from federal control was in fact not part of the original 1976 bill considered in the Senate. It was added in House-Senate conference committee reportedly after the Department of Justice became concerned that failure to leave pre-1972 recordings under state law might result in an "immediate resurgence of piracy of pre-February 15, 1972, sound recordings."¹⁹ It was never articulated why this might be so, since the new federal law itself offered protection against piracy. As explained in the following section of this comment, later commentators including David Nimmer and Michael Erlinger, Jr., have concluded that Congress simply made a mistake, perhaps due to a "thundering blunder" by the Department of Justice.²⁰

¹⁷ For more information see www.emiarchivetrust.org.

¹⁸ RIAA and A2IM Comments, 22.

¹⁹ Erlinger, Michael, Jr., "An Analog Solution in a Digital World: Providing Federal Copyright Protection For Pre-1972 Sound Recordings," *UCLA Entertainment Law Review*, Winter 2009.

²⁰ *ibid.*, 8.

What is essential to remember is that the decision to leave pre-1972 recordings under state control was adopted without hearings, without any opportunity for public comment, and without any studies of the likely effect of such a move. Contrary to the assertions of the RIAA/A2IM, this provision was slipped into the 1976 bill quietly in committee and was never fully discussed by Congress.

The mistake was compounded in 1998 when the Copyright Term Extension Act lengthened the time pre-1972 recordings would remain under state control by moving the eventual federalization date from 2047 to 2067--giving such recordings a de facto term of from 95 to 177 years, depending on when the recording was made. This was presented to Congress as necessary to "harmonize" U.S. intellectual property terms with those of the European Union.²¹ This assertion was a *blatant falsehood* as regards sound recordings. No other country in the world had (or has today) a 95-year term for sound recordings, much less one that might endure for as long as 177 years. Nor does any treaty require such a term. Other countries consider sound recording rights as "neighboring rights," and give recordings lesser terms than other intellectual property. This is done on sound economic and cultural grounds that were referenced in our earlier comment.²² We have been able to locate no discussion of this issue during consideration of the 1998 law.

The bottom line is that Congress has never seriously considered the matter of what legal regime should cover pre-1972 recordings. Given the unfortunate consequences the present situation has had for preservation and access to our national recorded heritage (as outlined in our previous comment and in most others submitted to you), such consideration is long overdue. The present study by the Copyright Office is the first opportunity in the 35 years since passage of the 1976 Act to address what we believe is a glaring inequity in U.S. copyright law, one that has caused much harm to our national heritage while offering no meaningful benefit to rights holders.

Professor James Boyle reminds us of "The Jefferson Warning." In 1813 Thomas Jefferson wrote to a colleague on the subject of government-established monopolies, specifically patents.²³ He wrote that intellectual property rights hold considerable monopolistic dangers for society, that they should be tightly limited in time, and that they should not last a day longer than necessary to encourage innovation in the first place. Otherwise they may well produce more "embarrassment than advantage." We believe that this is exactly what has happened regarding sound recording copyright law in the U.S.

II. LEGAL ISSUES

1. LEGAL ISSUES: WHY "FEDERALIZATION" WOULD RESULT IN A MAZE OF LEGAL UNCERTAINTY UNDER COPYRIGHT AND CONTRACT LAW

²¹ Senate Report 104-315. At <http://thomas.loc.gov/cgi-bin/cpquery/R?cp104:FLD010:@1%28sr315%29>

²² ARSC Comment, 5.

²³ James Boyle, *The Public Domain: Enclosing the Commons of the Mind* (New Haven: Yale University Press, 2008), 17-41.

FOR OLDER RECORDINGS, AS WELL AS LIKELY CONSTITUTIONAL CHALLENGES

a. CONGRESS TWICE BEFORE CHOSE NOT TO EXTEND FEDERAL PROTECTION TO PRE-EXISTING RECORDINGS – IN 1971 AND 1976

The RIAA/A2IM argues that Congress deliberately chose not to extend federal protection to pre-existing sound recordings in the past, and Congress should now arbitrarily apply the same standard established for the technology of forty years ago. ARSC believes, however, that the RIAA/A2IM assertion is flawed in several respects. Denying the extension of federal protection to pre-existing sound recordings would at this time undermine the original Congressional goal of increasing uniformity and predictability. In addition, the very events that the RIAA/A2IM relies on in support of its assertion may have simply arisen from a prior misunderstanding of the application of the law. Finally, the accelerated development of technology and extension of state law protections in last forty years, and the heightened need for preservation of and access to early recordings, has altered the effect of such legislation in the extreme.

The RIAA/A2IM points to two Congressional events in support of its position, through which federal protection was not extended to pre-1972 recordings: the 1972 Sound Recording Amendment, and the 1976 Copyright Act. The RIAA/A2IM fails to discuss the primary Congressional goal in both events: to heighten the uniformity and predictability of copyright application through federal preemption.²⁴ At the time that the 1972 Sound Recording Amendment was contemplated, the Department of Justice emphasized the importance of uniformity and limitations on ownership to the House, stating, “We believe that extending copyright to reproduction of sound recordings is the soundest, and in our interpretation of *Sears and Compco*, the only way in which sound recordings should be protected. Copyright protection is narrowly defined and limited in duration, whereas state remedies, whose validity is still in doubt, frequently create broad and unwarranted perpetual monopolies. Moreover, there is an immediate and urgent need for this protection”²⁵ Uniformity has been widely recognized as essential to maintaining the marketability and, in the case of historic recordings, the continued existence of creative works.²⁶ The very purpose behind Article I, Section 8 from which Congress

²⁴ See H. R. Rep. No. 94-1476 at 129 “By substituting a single Federal system for the present anachronistic, uncertain, impractical, and highly complicated dual system, the bill would greatly improve the operation of the copyright law and would be much more effective in carrying out the basic constitutional aims of uniformity and the promotion of writing and scholarship.” See Michael Erlinger, Jr., *An Analog Solution in a Digital World: Providing Federal Copyright Protection for Pre-1972 Sound Recordings*, 16 *UCLA Ent. L. Rev.* 45, 59 (2009).

²⁵ H. R. Rep. No. 92-487 at 13 (discussing *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), in which the Supreme Court held that a Congressional policy refusing patent protection for lamps may not be subverted by offering protection against copying through state law of unfair competition).

²⁶ See case law recognizing the importance of uniform application of copyright law. See, e.g., *Cnty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 750 (U.S. 1989), (refusing to construe the work-for-hire provisions in such a way that would “impede Congress’ paramount goal in revising the 1976 Act of

derives its power to promulgate copyright law is inextricably rooted in the need for national uniformity of copyright law.²⁷ ARSC respectfully asserts that the application of a dual state and federal copyright system to pre-1972 and post-1972 sound recordings undermines the original Congressional goals of heightening uniformity and predictability.

Given the Congressional intent of heightening uniformity in enacting the 1972 Sound Recording Amendment, legal scholars have questioned why federal protection was not extended to sound recordings at that time. Little explanation is available, but there is some indication that prior exclusions of pre-1972 recordings may have simply been the result of a mistake.²⁸ In his seminal treatise on Copyright Law, Professor David Nimmer examines the legislative history that may have created the mistake leading up to the exclusion of pre-1972 sound recordings in the 1972 Sound Recording Amendment. It appears that the Department of Justice feared that unless state law protection for such pre-1972 recordings were exempted from federal pre-emption, the result would be an “immediate resurgence of piracy of pre-February 15, 1972, sound recordings.”²⁹ The RIAA/A2IM cites this mistaken discussion in its comment as support for the RIAA/A2IM belief that federal preemption would create a “myriad of legal issues.” In fact, federal preemption would at no time have thrown all pre-1972 recordings into the public domain.³⁰ The legislative history of the 1976 Copyright Act reveals a prolongation of this mistake, which carried over even into the Copyright Term Extension Act.³¹ Just as

enhancing predictability and certainty of copyright ownership.”); *See also* Schiller & Schmidt, Inc. v. Nordisco Corp., 969 F.2d 410, 412 (7th Cir. 1992) (noting that predictability and definiteness of intellectual property ownership are necessary for marketability of property).

²⁷ As James Madison stated in Federalist 43, “The States cannot separately make effectual provision for either [patents or copyrights], and most of them have anticipated the decision of this point, by laws passed at the instance of Congress.”

²⁸ *See* 1 Melville B. Nimmer and David Nimmer, *Nimmer on Copyright* § 2.10[B][1][a] (Matthew Bender, Rev. Ed.) [hereinafter *Nimmer on Copyright*] (detailing legislative history and concluding that the exclusion of pre-1972 sound recordings seems to have occurred “almost inadvertently, and as a result of a misconception upon the part of the Department of Justice”); *See also* H.R. Rep. No. 92487, 92d Cong. 1st Sess. At 49, 133 (1971); *See also* H.R. Rep. No. 94-1476, at 109-11 (1976) ; *See also* S. 22, 94th Cong., 2d Sess. Sec. 301(b)(4).

²⁹ *Nimmer on Copyright* § 2.10[B][1][a]

³⁰ *Nimmer on Copyright* § 2.10[B][1][a] “What both the Justice Department and the Senate overlooked was the fact that a resurgence of record piracy would not have resulted, even if state record piracy laws were pre-empted for the reason that Section 303 of the bill in the form adopted by the Senate would have conferred statutory copyright upon all sound recordings (as well as other works of authorship) that had not theretofore entered the public domain. As indicated above, under the holding in *Goldstein*, pre-1972 sound recordings had not entered the public domain. Therefore, the Senate bill would have conferred statutory copyright on pre- as well as post-1972 sound recordings. Thus, even if record piracy of pre-1972 sound recordings would no longer be prohibited by state law, it would have been prohibited by federal law. Although the stated reason for preservation of state record piracy laws as applied to pre-1972 recordings was erroneous, when the House came to consider the Senate bill, it retained this provision.”

³¹ *See* H.R. Rep. No. 94-1476, at 109-11 (1976); *See* S. Rep. No. 104-315, at 20 (1996). “Because Federal copyright protection applies only to sound recordings fixed on or after that date, Federal preemption of State statutory and common-law protection of sound recordings fixed before February 15, 1972, would result in all of these works falling into the public domain.”

piracy of pre-1972 sound recordings would have been prohibited by the 1972 Sound Recording Amendment, federal law would prohibit such infringement now. ARSC believes that these errors should be remedied now, rather than continue to perpetuate the mistakes of the past.

In the alternative, if we assume that the exclusion of pre-1972 sound recordings from federal protection arose out of design rather than mistake, ARSC believes that technological progress and the response of state law to such progress has long outpaced the bifurcated federal and state copyright system established forty years ago. It is the exclusion of sound recordings from federal protection that introduces a “myriad of legal issues” in today’s digital environment, and undermines Congress’ original goals of providing uniformity and predictability through the 1972 Sound Recording Amendment and the 1976 Copyright Act.

When the 1972 Sound Recording Amendment was originally contemplated, state laws did not provide the wide protections of sound recording copyrights as they do today.³² Because most states had no law on the subject of copying of sound recordings, state law has expanded in the absence of any federal protection; however, this expansion has resulted in a procrustean framework, distorting certain common law theories to provide protection akin to federal copyright.³³ Thus, while a bifurcated system of state and federal protection may not have presented a great conflict at the time of the 1972 Sound Recording Amendment (when state laws were largely undeveloped), today’s system of federal protections for post-1972 recordings, and state protections for pre-1972 recordings (including criminal, civil, unfair competition, common law and statutory copyright protections), creates an impassable field of legal hurdles for today’s follow-on creators, librarians, preservationists, potential licensees, and the general public. Furthermore, technological development may also affect the constitutionality of perpetual state law copyright protection. Although the constitutionality of perpetual state law protections was upheld following a 1973 challenge in *Goldstein v. California*, the Supreme Court relied on the narrow circumscription of the effect of the particular state

³² See Barbara Ringer, *The Unauthorized Duplication of Sound Recordings*, Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, 86th Cong., 2d Sess., 20 (comm. Print 1961) [hereinafter *Ringer Study*] “1. Aside from the special case of motion picture sound tracks, there is essentially no statutory protection for sound recordings in the United States. 2. Courts in dubbing cases must apply state common law rules. Most States have no law on the subject, and the decisions that do exist are contradictory in various respects. Where a conflicts of law situation is presented, it may be necessary for a court to determine and reconcile the laws of several States.” See also H.R. Rep. No. 92-487 (1971). The House Report recognized that although eight states had enacted record piracy statutes, “in other jurisdictions the only remedy available to the legitimate producers is to seek relief in State courts on the theory of unfair competition.” See footnote 39 in RIAA’s own comment, stating that protection is now available in virtually every state.

³³ See Erlinger, 16 UCLA Ent. L. Rev. 45 at 50, 55 (discussing inadequacy and complication of multiple state law protections) “State protection schemes for pre-1972 sound recordings remain a confusing mix of protection and exposure dependent solely on the laws of the state in which protection is sought. Where shelter is available, the dominant methods for protection include: state criminal statutes, state civil statutes, and common law unfair competition or misappropriation theories.” *Id.*

law in question to that state only.³⁴ Today, of course, perpetual state law protections are in place in many more states, and the effect of each law reaches beyond state lines through the Internet and other delivery channels. Regardless of the question of constitutionality, today, just as before, technological improvements have disturbed the predictability of copyright protections, and ARSC feels strongly that the original goals of uniformity and predictability require an expansion of federal copyright regulation to pre-1972 sound recordings.³⁵ The current convoluted and overlapping territory of state law protections should, therefore, be replaced by one unified federal copyright system.

b. COPYRIGHT ISSUES AND POLICY

The RIAA/A2IM comment anticipates a “host of issues” that might arise from any attempt to extend federal protections to pre-1972 sound recordings, despite the fact that no specific legislation has been suggested. The RIAA/A2IM claims that issues will inevitably arise in matters of ownership, duration, termination, and enforcement of rights. While ARSC believes that any new legislation should and will address the aforementioned questions, ARSC disagrees that the mere existence of such questions leads to an impasse.

i. Initial and Subsequent Ownership of “New” Federal Rights

ARSC cannot identify any basis for the RIAA/A2IM belief that federal protection of pre-1972 protections would necessarily effect transfers of ownership from one private party to another. The RIAA/A2IM offers the example of the federal writing requirement for transfers of ownership, asserting that state laws “may not” require such a writing; from this example, the RIAA/A2IM comment extrapolates that “all issues of subsequent owners or licensees would be put into a completely muddled, and perhaps, unresolvable situation.” ARSC disagrees that such an extreme result necessarily follows. Ownership of such recordings could be determined in a number of ways; ownership could, for example, be determined under a standard conflict of laws framework, by applying the law of the state with the most significant relationship to the sound recording and the parties.³⁶

³⁴ See *Goldstein v. California*, 412 U.S. 546, 558 (1973) (Overruling the argument that perpetual state law copyright protection to sound recordings was unconstitutional, but noting that “any tendency to inhibit further progress in science or the arts is narrowly circumscribed” due to its limitation to that particular state. *Id.* at 560-61). Note now, however, that a substantial number of states have created perpetual copyright rights since this ruling, and in practice, the application of state law extends nationally, due to the national distribution of sound recordings facilitated by technological development.

³⁵ Note, for example, the practical consequences of *Capitol Records*: among creating other chilling effects, the ruling in *Capitol Records* caused Naxos to withdraw full historical catalog from the entire U.S. territory due to the practical impossibility of marketing state by state in the Internet age. *Capitol Records*, *infra* note 53.

³⁶ “The interests of the parties in a thing are determined, depending upon the circumstances, either by the “law” or by the “local law” of the state which, with respect to the particular issue, has the most significant relationship to the thing and the parties” Restat 2d of Conflict of Laws, § 222; See also standard for determining ownership in restored works: “A restored work vests initially in the author or initial rightholder of the work as determined by the law of the source country of the work.” 17 U.S.C. § 104A(b).

In their comment, the RIAA and A2IM concede that the Uruguay Round Agreements Act (URAA) provides precedent for bringing already-existing works under the framework of federal regulation. The RIAA/A2IM dismiss the URAA framework, however, by arguing that the rights in restored foreign works vested in the initial owner of the work under the law of the country where the work or sound recording was first fixed; whereas, according to the RIAA/A2IM, placing pre-1972 recordings under federal law would transfer ownership from the current owner under state protection to a different party under federal protections. The RIAA/A2IM comment does not provide any explanation for this conclusion, and ARSC fails to follow this line of logic. Applying the URAA and by analogy, federal copyright in a pre-1972 sound recording would vest in the initial owner of the work as determined by the law of the state with the most significant relationship to the sound recordings and the parties, and no divestiture or transfer of rights would result.

The RIAA/A2IM takes the position that evaluating ownership under federal regulation would have to be determined on a case-by-case basis, and the resulting expense of chain of title inquiries would result in a “complete freeze on the availability of many pre-1972 U.S. sound recordings” ARSC is compelled to point out that ownership of already-existing works other than sound recordings under the 1976 Act is determined as of the effective date, and not retrospective to the date the works were created.³⁷ This could easily be the case for any federalization of pre-1972 recordings, as well. Although neither federal nor state rights in sound recordings were created under the 1909 Copyright Act, by analogy, prior state law could apply to the question of standing for pre-1972 recordings. Furthermore, even traditional categories of works prepared before 1978 require a case-by-case examination to determine the federal rights as of the date of preemption; the complete freeze suggested by the RIAA/A2IM has not resulted from such a requirement.³⁸ However, ARSC observes the dangers of failing to specify an

³⁷ “17 U.S.C.S. § 301 does not, however, purport to determine who holds a copyright for works created before January 1978. It merely clarifies the rights of individuals owning copyrights on that date, whomever they may be.” *Roth v. Pritikin*, 710 F.2d 934 (2d Cir. N.Y. 1983); See *Nafal v. Carter*, 540 F. Supp. 2d 1128, 1138 (C.D. Cal. 2007) (citing *Roth v. Pritikin* in support of statement that 1976 Act “merely clarifies the rights of individuals owning copyrights on that date, whomever they may be.” Note, however, that the *Nafal* Court also applied a contrary 9th Circuit analysis to the question of which Act Applies to standing, and found that the rights afforded to copyrights created and published before 1978 are governed solely by the 1909 Act. *See Id.* (finding that the infinite divisibility enabled by the 1976 Act did not apply to the pre-1978 work in question, and the plaintiff, therefore, lacked standing).; *See Nimmer on Copyright* §5.03 [B][2][c] (citing cases in support of the assertion that the new employment for hire provisions in the current Act are not to be applied retroactively to works prepared pre-1978). “Thus, if the commissioning party became the copyright owner of the work pre-1978, such ownership continues under the current Act, even if the requirements for such ownership under the terms of the current Act have not been satisfied. This result appears to be proper.” *Id.* (citing additional cases, including *Real Estate Data, Inc. v. Sidwell Co.*, 809 F.2d 366, 371 (7th Cir. 1987), *later opinion*, 907 F.2d 770 (7th Cir. 1990); *National Broadcasting Co. v. Sonneborn*, 630 F. Supp. 524, 532 (D. Conn. 1985); *Everts v. Arkham House Publishers, Inc.*, 579 F. Supp. 145 (W.D. Wis. 1984); *Sargent v. American Greetings Corp.*, 588 F. Supp. 912 (N.D. Ohio 1984)).

³⁸ *See Nimmer on Copyright* §10.03 [A][8] (Asserting, “[b]ecause, by reason of federal pre-emption, most common law copyrights, as of January 1, 1978, were transmuted into statutory copyrights, it is necessary to determine the identity of the common law copyright owner, upon such pre-emption date, in order to determine who succeeded to statutory copyright ownership.”

applicable standard for works made for hire. Under current federal law, for example, the question of whether the work for hire standard applies to all works created prior to the 1978 Act has been widely contested.³⁹ Regardless of which standard is applied, any new federal legislation for pre-1972 recordings should clearly indicate the source law governing the question of whether a work qualifies as a work made for hire.

Grants executed on or after January 1, 1978 have been governed by federal law, but the Copyright Act is silent on certain issues that affect ownership, and state law continues to apply to these aspects of post-1972 transfers and licenses.⁴⁰ Thus, the limited application of state law to one aspect of copyright ownership (in this case, to ownership of sound recordings prior to the effective date of any federal preemption) would not result in a complete freeze on pre-1972 recordings, as the RIAA and A2IM assert. In fact, those questions that the RIAA/A2IM comment claims would be unduly burdensome to determine on a case-by-case basis (whether a work is a work-for-hire or joint work) are already determined on a fact-specific, case-by-case basis.⁴¹ In addition, there is even more clarity in the work-for-hire question for older sound recordings, since historic recordings are more likely to fit into the realm of traditional employee works made for hire.⁴²

Under current state law regulation, not only does ownership of pre-1972 recordings require a case-by-case analysis of the facts surrounding each recording, but there is an additional hurdle presented by the question of selection and application of numerous conflicting state laws.⁴³ The RIAA/A2IM comment references the Pushman

³⁹ See *Nimmer on Copyright*, § 10.03[B][2] (1982); *Roth v. Pritikin*, 710 F.2d 934, 939 (2d Cir. N.Y. 1983); *Compare May v. Morganelli-Heumann & Assoc.*, 618 F.2d 1363, 1368 n.4 (9th Cir. 1980).

⁴⁰ See *Nimmer on Copyright* vol. 3 §10.03 [A][8] (explaining that the vast bulk of copyright contractual issues must be resolved under state law, given the silence of the Copyright Act in addressing issues such as competency, how to construe ambiguous contractual language, and circumstances warranting rescission).

⁴¹ HR Report for Sound Recording Act of 1971: "the bill does not fix authorship, or the resulting ownership, of sound recordings, but leaves these matters to the employment relationship and bargaining among the interests involved." H.R. Rep. No. 94-487, at 124 (1976), reprinted in 1971 U.S.C.C.A.N. 1566, 1570.

⁴² Unlike current industry practice, artists in the past were engaged as traditional employees. As late as the 1960s, record companies exercised a great deal of control over the creation of a sound recording, employing back-up singers and engineers and owning the studio space in which featured artists would record. In this framework, record companies uniformly asserted an employment for hire relationship with featured artists. See *Copyright Law Revision Part 3: Preliminary Draft for Revised U.S. Copyright Law and Discussions and Comments on the Draft*, House Comm. on the Judiciary, 88th Cong., 352-358 (comments, Sidney A. Diamond, London Records, writing on his own behalf, February 11, 1963); See *Nimmer on Copyright* §5.03 [B][2][c] It has been held that the new employment for hire provisions in the current Act are not to be applied retroactively to works prepared pre-1978. Thus, if the commissioning party became the copyright owner of the work pre-1978, such ownership continues under the current Act, even if the requirements for such ownership under the terms of the current Act have not been satisfied. This result appears to be proper. Nothing in the current Copyright Act, nor in the Committee Reports, speaks directly to this issue of retroactivity.

⁴³ The RIAA/A2IM comment itself states "different states define an "owner" in different ways (and they vest different rights and remedies as well)" See language accompanying note 17 in RIAA and A2IM Comments.

doctrine in support of the assertion that federal preemption could require the reinterpretation of agreements made prior to state law and congressional reversals.⁴⁴ The Pushman doctrine refers to a principle of copyright no longer in force, which presumed a transfer of common law copyright when a transfer of the physical property took place.⁴⁵ ARSC notes, however, that the Pushman doctrine was itself preempted by Section 202 of the Copyright Act of 1976, although it remains in effect for transfers completed before the provision's effective date of January 1, 1978.⁴⁶ Rather than serving as a warning of potential chaos, therefore, the Pushman doctrine is an example of how federal preemption can provide clarity and uniformity to the question of ownership, without disturbing prior understandings.

Finally, ARSC raises the point that sorting out the issue of ownership is an inevitability that should not be delayed. In 2067, the pre-emptive provisions of Section 301(a) shall terminate state law protections of pre-1972 sound recordings.⁴⁷ If the RIAA and A2IM believe that current federal preemption would create legal chaos in terms of ownership, certainly even more ambiguity would exist in 2067, following over five decades of further transfers and inconsistent rulings among various states. ARSC feels strongly that, regardless of how Congress may determine the question of ownership under federal preemption, delaying this process will only allow for greater irregularity and ambiguity. Regulation under disparate state laws has always introduced ambiguity into the ownership question.⁴⁸ Creating a prospective uniform definition and set of requirements for transfer of ownership in sound recordings would undoubtedly reduce ambiguities in the question of ownership and promote the predictability necessary for exploitation of pre-1972 recordings.

ii. Duration of “New” Federal Copyright Protection

The RIAA/A2IM comment asserts that the calculation of a term for federal rights would be a major obstacle because pre-1978 federal copyright law required publication with proper notice; because proper notice was irrelevant, these requirements were never defined for pre-1972 recordings. The RIAA/A2IM reasoning is circular, and improperly assumes that any law granting federal protection to pre-1972 sound recordings must adopt the pre-1978 notice standards of other works. It has long been established, however, that federal publication formalities do not apply to pre-1978 distributions of

⁴⁴ See *Pushman v. New York Graphic Soc’y Inc.*, 287 N.Y. 302 (1942).

⁴⁵ *Id.*

⁴⁶ 17 U.S.C. 202. See *London-Sire Records, Inc. v. Doe 1*, 542 F. Supp. 2d 153, 171 (D. Mass. 2008) (Finding statute abrogated any common-law presumption regarding the sale of copyrights under Pushman doctrine).

⁴⁷ 17 U.S.C. 301(c).

⁴⁸ See Ringer Study (discussing problems in 1957 when the terms of employment or personal services contract controlled; if contract was silent or inconclusive on the point, there was a split of authority on which rights were conveyed).

sound recordings.⁴⁹ Any extension of federal protection to pre-1972 sound recordings should not retroactively require publication formalities as a prerequisite to obtaining federal protections.

The RIAA/A2IM comment asserts that the term of federal protection must be based on “the year of first fixation of any sound recording or to fix an end-term (2067) that matches existing state law.” While the year of first fixation does provide one reasonable start date, ARSC objects to the notion that any end-term should, or is even capable of, matching existing state law copyright duration. The states have applied their own conflicting laws to the subject over the years.⁵⁰ While in many cases, the term provided by state law is perpetual, in others, the term is shorter than the term offered under federal protection.⁵¹ The question of duration under state law protections simply introduces a greater degree of uncertainty than uniform federal law protections.⁵² It is exactly this unpredictability in state law protections and that interferes with the preservation and exploitation of pre-1972 sound recordings. To heighten uniformity in the application of copyright law, the conventions for pre-1972 recordings should be as consistent as possible with those for post-1972 recordings. Perpetual state law copyright terms has lead to absurd results, and without the intervention of federal uniformity, the door continues to be open for inconsistent state law application subverting the very purpose of the Copyright Act.

In *Capitol Records v. Naxos*, the New York Court of Appeals upheld a perpetual right of ownership under New York common law copyright, despite the fact that the copyright in the recording had expired in the source country (the United Kingdom).⁵³ Professor Nimmer points out the “puzzle” created by *Capitol Records*, by offering the following hypothetical:

[If the recordings in Capitol Records] had been protected in Great Britain until 1997, then they would have obtained a full term of federal protection [under the federal restoration

⁴⁹ See *Goldstein v. California*, 412 U.S. 546 (1973) (holding no federal pre-emption of state law protection for pre-1972 sound recordings even after publication).

⁵⁰ See conflicting state laws. Some states limit the claim to those who seek to profit from the sale or rental of sound recordings, others provide express exemptions for non-profit institutions, and some place time limits on protection. See, e.g., Cal. Penal Code 653h(a) (1999) (requiring that use of early recorded sounds must be for profit to be actionable.); Fla. Stat. ch. 540.11(6)(c) (2002) (providing express exemption for non-profit institutions); Colo. Rev. Stat. 18-4-601 (1999) (Rights to pre-1972 sound recordings are defined in terms of a "common law copyright" which expires after fifty-six years. So, as of January 1, 2004, sound recordings made on or before December 31, 1947 were recognized by the State of Colorado as public domain.).

⁵¹ See Colo. Rev. Stat. 18-4-601 (1999).

⁵² See Ringer Study at 14, discussing the “maze of conflicting opinion” on effect of publication on common law copyright in sound recordings; compare with 17 U.S.C. 302(c), providing a copyright term for works made for hire of 95 years from the year of its first publication, or a term of 120 years from the year of its creation, whichever expires first.

⁵³ *Capitol Records, Inc. v. Naxos of Am.*, 830 N.E.2d 250, 560, 564 (N.Y. 2005).

provisions]. Now comes the rub. Imagine a recording first published in 1922 but still protected in its home country. As of 1996, that work would have gained restored federal statutory protection under U.S. law. But the term then extant endured for 75 years after publication, meaning that the federal copyright would have lapsed on December 31, 1997.⁵⁴

Applying the Capitol Records decision to such a hypothetical, two possibilities arise: (1) state law protections would apply to the restored work, awarding perpetual state law copyright, despite the application and expiration of federal protections, and creating concurrent state and federal copyright protections, or (2) state law protections would not apply, and the work would have entered the U.S. public domain in 1997 (in contrast to its later-created counterpart enjoying perpetual copyright protections under New York law).⁵⁵ Either interpretation creates an absurd result, and undermines the traditional federal framework. A unified federal term for sound recordings would prevent further absurdities such as *Capitol Records*, and support international harmonization efforts.⁵⁶

iii. Termination of Rights

The RIAA/A2IM comment states that “any uncertainty as to the initial and subsequent ownership (and authorship) of a sound recording would further create difficulty” in termination rights, if any. This objection may not apply to federal protections for pre-1972 sound recordings, however, if Congress does not award retroactive termination rights to pre-1972 sound recordings. ARSC abstains from opining on the question of whether a federal termination right would be desirable for pre-1972 sound recordings. ARSC believes, however, that the provision of such a termination right would not introduce issues particular to pre-1972 sound recordings. If termination rights are awarded to creators of pre-1972 sound recordings, the issues the RIAA/A2IM comment raised would be no different than those currently posed under the federal framework. Even today, the identity of joint authors is highly uncertain, and the often ineffectual work-for-hire provisions in recording contracts do not cut off statutory termination rights. Future case law must provide guidance for termination rights in pre-1972 sound recordings. There is reason to believe, however, that termination issues would be simplified for pre-1972 recordings, due to prior industry standards.

Currently, the termination right does not apply to works made for hire. The issue of whether a sound recording work would qualify as a work for hire is simplified by the fact that, prior to the 1976 Copyright Act, works made for hire resulted only from

⁵⁴ Nimmer on Copyright §8C.03 [E]; *See Id.* at 563-564.

⁵⁵ *Id.*

⁵⁶ *Id.* See e.g., Canada, France, Germany, Italy, Spain, Sweden, United Kingdom, etc (average foreign copyright term for sound recordings is fifty years).

common law employment relationships.⁵⁷ Unlike the industry standards of today, early sound recordings were generally made under true employment conditions; these works would, therefore, qualify as works made for hire, and would not be subject to any termination provision, in any case.⁵⁸ Likewise, pre-1972 sound recordings are less likely to raise any joint work issue, since employees would lack the requisite intent.⁵⁹ There is no reason to believe that the mere potential of providing federal termination rights to pre-1972 sound recordings presents any additional issues.

iv. Enforcement of Rights

The application of state law often confuses the issue of enforcement, forcing a split in remedies and jurisdiction.⁶⁰ States have conflicting theories of protection, the intersection of which presents far more enforcement questions than our uniform federal system. The RIAA/A2IM comment warns, however, that awarding federal copyright protection of pre-1972 sound recordings would encourage an onslaught of thousands of copyright registrations and recordings. ARSC would be delighted if such were one of the results of federal preemption. The copyright law provides several “inducements or advantages to encourage copyright owners to make registration,”⁶¹ including requiring registration before an infringement suit may be filed in court, and allowing statutory damages and attorney’s fees if registration is made within the relevant time. The copyright law provides these inducements as an encouragement to registration, because of the values present in federal registration, such as: providing a means of enforcing compliance with other requirements of copyright,⁶² enhancing publicly available

⁵⁷ See NIMMER§5.03 [B][2][a][ii] (“Because the § 101 work-made-for-hire definition was substantially complete even before Congress passed the 1971 Act, Congress could not have been under the impression, in either 1971 or 1976, that sound recordings already qualified as works made for hire in the absence of an employment relationship”).

⁵⁸ *Id.* (“Whereas record companies of the 1960s had employed backup singers and engineers, meaning that works of that vintage might have truly qualified as having been made for hire, over the decades the record companies level of involvement has diminished so that now, in many cases, record companies simply provide funds at the front-end, and distribution at the back-end of a sound recordings production”); See also 2000 Hearings, Serial No. 145, at 39; See *Chambers v. Time Warner, Inc.*, 123 F. Supp. 2d 198, 200 (S.D.N.Y. 2000).

⁵⁹ Section 101 of the Copyright Act defines a joint work as “a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.”

⁶⁰ See, e.g., *Bridgeport Music, Inc. v. Justin Combs Publ'g*, 507 F.3d 470, 477 (6th Cir. Tenn. 2007) (awarding owner of composition for pre-1972 composition different remedies than owner of pre-1972 recording); *Atl. Recording Corp. v. Project Playlist, Inc.*, 603 F. Supp. 2d 690, 694 (D.N.Y. 2009) (presenting questions of jurisdiction and bifurcating application of law where plaintiff is owner of both pre-1972 recordings and post-1972 recordings).

⁶¹ See Copyright Office Circular 1, *Copyright Basics*, section “Copyright Registration” (available at <http://www.copyright.gov/circs/circ1.pdf>)

⁶² See Copyright Law Revision Study No. 17 at 40 (86th Congress) “Were it not for administrative surveillance “at the source,” a considerable number of works belonging in the public domain would circulate with notice of copyright inhibiting access to the works.”

information, increasing the value of the works to proprietors and users,⁶³ and aiding title searches.⁶⁴ Extending these inducements to registration and deposit to pre-1972 sound recordings would promote predictability and public access to these works, as well as aid in the preservation of historic recordings.

v. Partial “Federalization” Questions

ARSC supports full federal protection for pre-1972 sound recordings. At a minimum, however, a partial “federalization” is necessary to provide certain First Amendment safeguards built into the current Act. The RIAA/A2IM comment asserts that “the simultaneous state and federal protection of different rights to the same works [would be novel],” and an overwhelming number of legal challenges and issues would result from such partial protection. The RIAA and A2IM fail to recognize, however, the historic collaboration between state and federal protections. While state and federal law do not govern identical copyright subject matter (although even this has been called into question by *Capitol Records*⁶⁵), creative works have frequently required the simultaneous application of both state and federal law to the same nexus of facts or property. For example: the underlying music compositions in pre-1972 sound recordings are subject to federal protection, while the recordings are under state law protections; all works prior to the 1976 Act were governed by state common law prior to publication and federal law upon publication; finally, all works under federal protection, both those created before and after the effective date of the 1976 Act, look to state law for questions such as contractual validity (as in the case of competency to contract, forgery, and licensing terms).⁶⁶ In addition, the RIAA/A2IM comment itself states that “A bifurcated federal-state/common law system is not unique to sound recordings.”⁶⁷

The fair use doctrine and library and archives exceptions found in the Copyright Act provide First Amendment safeguards that, at a minimum, must apply to pre-1972

⁶³ See *Id.* at 42 (discussing how record material built up in the Copyright Office assists owners in protecting their works against unauthorized use, in establishing priority of ownership, in managing and disposing of their properties; stating further that a “readier market can be found for works registered in the usual course because the assignees or licensees have greater confidence in the proprietor’s titles and the validity of the copyrights.”).

⁶⁴ *Id.* at 43.

⁶⁵ See text accompanying notes 53-56.

⁶⁶ See Nimmer on Copyright §8C.02 (discussing areas in which common law copyright continues to operate today, including unfixed jazz improvisations and oral sermons); See text accompanying notes 40-41.

⁶⁷ See RIAA and A2IM Comments note 38. ARSC is compelled to point out, however, that the RIAA incorrectly offers the example of co-existing rights of publicity with other federal rights as support for the RIAA’s assertion that Congress chose not to extend federal protection to pre-1972 sound recordings in order to avoid legal issues and possible challenges to federal copyright law. Federal copyright law only preempts state action when the state law claim is encapsulated by an action of federal copyright infringement. See *Crooks v. Certified Computer Consultants*, 92 F. Supp. 2d 582, 586 (W.D. La. 2000) (finding that §301 of the Copyright Act does not preempt every case that potentially involves federal copyright laws: “[A] state law claim will not be preempted if an “extra element” exists that changes the nature of the action such that it is qualitatively different from a copyright infringement claim”).

recordings under state law (via the Fourteenth Amendment).⁶⁸ Absent such protections, state copyright laws would be rightfully subject to invalidation on First Amendment constitutional grounds. Furthermore, for the same reasons discussed earlier under the duration section, the absence of a compulsory license for pre-1972 sound recordings allows for a potentially absurd result for owners of restored foreign works, in which owners of public domain works in their source country enjoy greater rights in the U.S. than their foreign counterparts whose works are still protected in the relevant source country.⁶⁹ The absence of a compulsory licensing scheme for pre-1972 sound recordings has certainly lead to conflicting interpretations, and may itself disrupt the balance created by federal law between the rights of creators and the public's interest in access.⁷⁰

c. CONTRACT ISSUES

The RIAA/A2IM comment contends that the entire business structure of the music, film, videogame, and other industries would be thrown into contractual chaos if pre-1972 U.S. sound recordings were to be brought under federal law. Nothing could be further from the truth. Nothing in 1976 Act abrogates freedom to contract.⁷¹ The relevant governing state law to prior contract would therefore remain the same following a federal protection for pre-1972 recordings. According to Nimmer, “the vast bulk of copyright contractual issues must be resolved under state law.”⁷² Contracts have always been, and under a uniform federal copyright can continue to be, interpreted by the parties' intent at

⁶⁸ See *Eldred v. Ashcroft*, 537 U.S. 186 (U.S. 2003) (responding to constitutional challenge to the Copyright Term Extension Act (CTEA) by stating, “[the CTEA] itself supplements the traditional First Amendment safeguards. First, it allows libraries, archives, and similar institutions to reproduce and distribute, display, or perform in facsimile or digital form copies of certain published works during the last 20 years of any term of copyright for purposes of preservation, scholarship, or research if the work is not already being exploited commercially and further copies are unavailable at a reasonable price. 17 U.S.C.S. § 108(h). Second, Title II of the CTEA, known as the Fairness in Music Licensing Act of 1998, exempts small businesses, restaurants, and like entities from having to pay performance royalties on music played from licensed radio, television, and similar facilities. 17 U.S.C.S. § 110(5)(B)”; See Nimmer on Copyright §8C.02 (observing, “the maximal view of common law copyright that brooks no exception in the nature of fair use invites its invalidation under the Supremacy Clause, given that the First Amendment applies equally to the states as to the federal government”).

⁶⁹ See text accompanying notes 53-56; See Henry Lee Mann, Note, *As Our Heritage Crumbles Into Dust: The Threat of State Law Protection for Pre-1972 Sound Recordings*, Wake Forest Intell. Prop. L.J. 45, 67 (asserting that lack of compulsory licensing scheme in state common law protections is “directly contrary to Congress's vision of the 1909 Act's protection for such works.”)

⁷⁰ *Id.* See e.g., *U.S. v. Heilman*, 614 F.2d 1133 (7th Cir. 1980), cert. denied, 447 U.S. 922 (finding defendant liable for infringement of pre-1972 sound recordings despite acting on attorneys' advice and continuing to pay compulsory license fees).

⁷¹ Nimmer on Copyright 3 §10.03 [A][8] “the law governing the requisites of contractual formation and interpretation unquestionably arises principally under state law; those state doctrines can validly apply to the copyright realm.” See Section-By-Section Analysis of H.R. 2281 as Passed by the United States House of Representatives on August 4, 1998, at section 5: “The Act specifies that state laws regarding trademark, design rights, antitrust, trade secrets, privacy, access to public documents *and the law of contract* shall not be deemed to provide equivalent rights” (emphasis added).

⁷² Nimmer on Copyright §10.03 [A][8]

the time of the contract.⁷³ Furthermore, the standard term for recording agreements and master use licenses are limited in duration, and the term of federal copyright duration would generally extend well beyond termination of current contracts.⁷⁴

The RIAA and A2IM fail to offer a concrete example of an economic contractual interest in pre-1972 sound recordings that would be undermined by federal protection. If such a case does arise, however, the RIAA/A2IM comment itself concedes that the URAA safeguards could provide a model on how to address this issue.⁷⁵ Under the URAA, the owner of a foreign work desiring to restore copyright protections to the work following its release into the public domain files a notice of intent to enforce this restored right with the Copyright Office or serves such a notice directly on a reliance party. The Register of Copyrights publishes an online database of such notices, and potential defendants relying upon the prior public domain status of the work receive a safe harbor for a reasonable time period following such notice. Upon exhaustion of this first safe harbor period, a second period of time follows in which recovery of reduced remedies is allowed. Finally, upon exhaustion of the second period, unrestricted recovery of remedies is available. Following the same scheme as provided in the URAA, a party relying on state law protections for pre-1972 recordings could receive notice of the federal copyright, and could make use of a reasonable time in which to modify any infringing behavior. The RIAA and A2IM contend, however, that this model would provide only a minor fix for a major problem. In the case of pre-1972 sound recordings, however, there is even less potential for mistake than there is under the URAA. Unlike the restoration provisions of the URAA, which applies selectively to certain foreign works, federal preemption of pre-1972 sound recordings would apply uniformly, thereby affording all contractual parties proper notice. In addition, federal protections of pre-1972 sound recordings would extend only to works that have not entered the public domain, which would further limit the potential for disruption of any expectations of reliance parties.

d. CONSTITUTIONAL ISSUES RAISED BY POSSIBLE “NEW” LEGISLATION

The Constitution grants Congress the power "to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST. Art. I, § 8, cl. 8 The Copyright Clause was intended to “motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of

⁷³ “Long-settled common-law contract rules still govern the interpretation of agreements between artists and their record producers. The fundamental, neutral precept of contract interpretation is that agreements are construed in accord with the parties' intent.” *Greenfield v. Philles Records*, 98 N.Y.2d 562 (N.Y. 2002).

⁷⁴ See legal practice guides, e.g., *Recording Agreements*, in 8 *Entertainment Industry Contracts* (Donald C. Farber & Peter A. Cross eds., LexisNexis 2008) (advising that the term of engagement “can range from a few hours to several years”); See *Bonnie Greenberg, Master Use Licenses*, in 9 *Entertainment Industry Contracts* (Donald C. Farber & Peter A. Cross eds., LexisNexis 2008) (estimating five years for the term for the use of the recording on network television term versus three years for exploitation on cable television).

⁷⁵ See discussion of 17 U.S.C. §§ 104A(c)-(e) (2008) in RIAA and A2IM Comments.

their genius after the limited period of the exclusive control has expired."⁷⁶ The Constitution grants Congress the power to select, in its judgment, the best policy by which to effectuate the stated purpose of the IP clause,⁷⁷ and the courts will not find that Congress has exceeded its powers "so long as the means adopted by Congress for achieving a constitutional end are 'appropriate' and 'plainly adapted' to achieving that end."⁷⁸ Yet, the RIAA/A2IM comment raises constitutional challenges to Congressional law that is not yet defined. There are numerous 'appropriate' and 'plainly adapted' means by which Congress can bring sound recordings fixed before February 15, 1972, under federal jurisdiction. At this time, however, ARSC will limit its response to the RIAA/A2IM comment's specific constitutional objections to unknown future law.

i. The Fifth Amendment and "Takings" Considerations

Federal preemption of pre-1972 sound recordings promotes the constitutional purpose of promoting the public interest in the arts and sciences through preservation and providing uniformity, and Congress is free to enact 'appropriate' and 'plainly adapted' legislation to achieve that end without classification as a "taking."⁷⁹ Federal preemption of state law protections for pre-1972 recordings does not constitute a taking.⁸⁰ Under the established takings test of non-divisibility, if new federal regulation leaves any value in a property, however small, then the regulation is not a taking and the loss in property value is not compensable.⁸¹ There have been number of amendments to the Copyright Act in the past that have altered the existence or scope of rights in works already created, and none of these amendments have been the subject of a successful challenge in court on

⁷⁶ *Sony Corp. of Am. v. Universal Studios, Inc.*, 464 U.S. 417, 429, 78 L. Ed. 2d 574, 104 S. Ct. 774 (1984).

⁷⁷ *Graham v. John Deere Co.*, 383 U.S. 1, 6, 15 L. Ed. 2d 545, 86 S. Ct. 684 (1966).

⁷⁸ *Luck's Music Library, Inc. v. Ashcroft*, 321 F. Supp. 2d 107, 112 (D.D.C. 2004); *Schnapper v. Foley*, 215 U.S. App. D.C. 59, 667 F.2d 102, 112 (D.C. Cir. 1981); *Mitchell Bros. Film Group v. Cinema Adult Theater*, 604 F.2d 852, 860 (5th Cir. 1979).

⁷⁹ *See Luck's Music Library, Inc. v. Ashcroft*, 321 F. Supp. 2d 107, 112 (D.D.C. 2004); *See also Ladd*, 762 F.2d at 813. (rejecting the takings challenge of requiring two copies of each issue of plaintiff's published periodicals to be deposited with the Library of Congress and finding that "the primary purpose of the clause is to promote the arts and sciences for the public good, not to grant an economic benefit to authors and inventors," and that this purpose was furthered by a provision of the law which "sustains a national library for public use."). Note the distinction made by the Ladd Court between Supreme Court cases ruling that the United States could not appropriate a patented device for its own purposes, on one hand, and the goals of the deposit requirement of furthering the public welfare by promoting arts and sciences, on the other hand. A federal preemption of state protections for pre-1972 sound recordings shares the same goal of furthering the public welfare, and the same rule should apply.

⁸⁰ A regulation is unconstitutional if it fails to substantially advance a legitimate state interest, *Agins v. City of Tiburon*, 447 U.S. 255, 260 (1980). if there is no "nexus" between the governmental interest and the restriction, *Nollan v. California Coastal Comm'n*, 483 U.S. 825, 837 (1987). or if the regulation denies the landowner all economically viable use of the property. *See also Lucas v. South Carolina Coastal Council*, 112 S. Ct. 2886, 2899 (1992) (holding that taking occurs when real property owner has lost all economically beneficial use of property as result of government action).

⁸¹ *See Concrete Pipe and Prods. of Cal., Inc. v. Construction Laborers Pension Trust for S. Cal.*, 508 U.S. 602, 643 (1993) (discussing the non-divisibility doctrine).

Copyright or Takings Clause grounds.⁸² There is no reason to believe that an extension of federal protection to pre-1972 recordings would result any differently. Preservation is firmly recognized as a public purpose in context of takings challenges,⁸³ and there is no indication that federal preemption would deprive owners of pre-1972 recordings from obtaining a reasonable rate of return on their investment.

By invoking the Takings Clause, the RIAA and A2IM also invoke the non-divisibility doctrine. The RIAA and A2IM must assume, therefore, that an exchange of certain state law protections for federal protections would result in a total divestment of all value in pre-1972 recordings. ARSC suggests that the provision of federal law protections for qualifying works, combined with the availability of remaining state law theories (such as traditional claims of unfair competition), is unlikely to result in a total divestiture of rights. For example, even a total divestiture of copyright protection would not strip an owner from possession of the physical master recordings and tapes. These master recordings embody the highest quality of sound, and owners would remain free to charge others desiring to reissue recordings a fee in exchange for access to the best sound quality source. As ARSC has stated before, entities that reissue historical recordings are highly concerned with source sound quality, often resulting in a higher value in the physical master than in the underlying sound recording rights. For example, the German Bear Family label consistently pays U.S. rights holders fees for the use of pre-1960 recordings, despite the fact that such recordings are in the public domain in Europe; although the German label is under no obligation to pay U.S. rights holders for such European exploitation, the label does so in part to obtain access to the higher-quality master recordings held by those U.S. rights holders.

Finally, the valuation scheme set forth in the RIAA/A2IM comment is questionable. Perpetual state law terms are limited to application in a single state, while federal protections are nationwide, providing additional foreign protections through various treaties. The relevant economic focus should be the diminishment in worth, if

⁸² See the U.S. Department of Justice legal memorandum on the potential takings problems with 104A at 150-153 (discussing the non-divisibility doctrine and concluding that 104A will not effect a taking when viewed in light of the Supreme Court's decisions on the Fifth Amendment's Takings Clause; since 104A allows a reliance party twelve months in which to sell his existing copies or phonorecords, and may in any case be able to secure a license to continue exploiting the work, the loss that will result is not total and thus not compensable). See Shira Perlnutter, Federal Document Clearing House Congressional Testimony, House Judiciary/Intellectual Property and Judicial Administration, GATT and Intellectual Property (August 12, 1994) (considering takings issue in context of federal preemption of perpetual term for unpublished works, discussing several federal preemption events, and finding no takings effected). See Supplementary Report of Register of Copyrights on the General Revision of the Copyright Law, 89th Cong., 1st Sess. 92-93 (1965) (discussing takings issue in context of new federal right to prepare translations of an underlying work, without exempting existing owners of preexisting translations) 17 U.S.C. S 303 (1978).

⁸³ See various State Preservation Ordinances for real property: Most takings challenges focus on a regulation's economic impact on the individual landowner, while conceding that historic preservation serves a public purpose. See, e.g., *Penn Central Transp. Co. v. New York City*, 438 U.S. 104, 138 (1978) (examining economic impact on value of real property as a whole, rather than its effect on a discrete segment of the property, and finding no taking). In *Penn Central*, the Court submitted that every state, many local governments, and the federal government have all recognized the importance of historic preservation. *Id.* at 107-08.

any, of the sound recordings, by comparing the economic value of the remaining individual state law terms with the economic value of the remaining nationwide federal protections. In the vast majority of cases, the value of the tail end of any individual state law protections cut off by federal copyright would be zero.⁸⁴ Even in the unlikely case that federalization of pre-1972 recordings creates a takings situation, any compensation due would be extremely low.⁸⁵

ii. The Copyright Clause and “Traditional Contours”

The RIAA/A2IM comment argues that any retroactive protection legislation would “alter the traditional contours of copyright protection” and warrant heightened scrutiny under *Eldred v Ashcroft*.⁸⁶ ARSC strongly believes, however, that extending federal copyright protection to already-existing works is not contrary to the traditional contours of copyright law. In fact, the very creation of copyright law in 1790 applied to already-existing works and preempted then-existing state law, and subsequent copyright legislation has applied retroactively without disturbing the traditional contours of copyright law.⁸⁷ The “traditional contours” notion was recently formulated as a vague means of escaping heightened First Amendment scrutiny,⁸⁸ which the RIAA and A2IM have attempted to turn upon its head in its comment. In *Eldred*, the Supreme Court ruled that federal law lengthening copyright duration for already-existing and future works did not impermissibly restrict free speech.⁸⁹ The *Eldred* decision relied on “traditional First Amendment safeguards” such as fair use in determining that the “traditional contours” of copyright protection were not altered by the new legislation, and therefore rejected the need for heightened scrutiny. In our current situation, however, the First Amendment speech interest weighs *in favor* of creating a public domain for pre-1972 sound

⁸⁴ See Tim Brooks, *Survey of Reissues of U.S. Sound Recordings*, Council on Library and Information Resources and Library of Congress, 8 (2005); See Edward Rappaport, Congressional Research Service Report for Congress, Copyright Term Extension: Estimating the Economic Values 8, 12, 15 (1998) (analyzing the potential effects of economic copyright extension act; “evidence indicates that pre-1923 sound recordings have a limited share of today’s record market and their commercial value is correspondingly low”); See Andrew Gowers, Gowers Review of Intellectual Property (November 2006), 52 at 57 (concluding that most sales of sound recordings occur in the first 10 years after their initial release, and that “only a small percentage continue to generate income, both from sales and royalty payments, for the entire duration of copyright. (Available at www.hm-treasury.gov.uk/d/pbr06_gowers_report_755.pdf.)

⁸⁵ *Id.*

⁸⁶ See *Eldred v. Ashcroft*, 537 U.S. 186 (2003).

⁸⁷ Justice Ginsburg’s opinion in *Eldred* outlined the history of copyright term extensions over the years, noting that the 1790 Act’s fourteen-year renewable term applied not only to new works, but also to existing works, and that each time Congress had extended the copyright term, it had done so for both new and existing works. *Id.* at 194-196; See *Luck’s Music Library, Inc. v. Ashcroft*, 321 F. Supp. 2d 107, 114-115 (D.D.C. 2004) (reviewing two other federal statutes allowing retroactive copyright application through presidential proclamations); See also retroactive copyright application of North American Free Trade Agreement Implementation Act (NAFTA).

⁸⁸ “But when, as in this case, Congress has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary.” *Eldred* at 221.

⁸⁹ *Id.*

recordings. It is the absence of such traditional First Amendment safeguards in state law protections that disturbs the traditional contours of copyright protections and should give rise to heightened constitutional scrutiny. Current state law upsets the historical balance between copyright protections and First Amendment considerations.⁹⁰ ARSC believes that only by extending federal protections to pre-1972 sound recordings can such balance be restored.

Finally, the question of whether heightened scrutiny applies to a federal legislation requires consideration of the means of achieving the purported goal. Regardless of what scrutiny shall apply to any new federal legislation, the RIAA and A2IM are in no position to determine whether not-yet-existing law would pass muster. Although ARSC strongly disagrees that new federal protections are likely to alter the traditional contours of copyright law, such a ruling would only subject the relevant legislation to heightened scrutiny, rather than bar its promulgation from the outset. The immediate need to promote preservation, public access, and predictability of law for pre-1972 sound recordings, as well as a long overdue call for international harmonization,⁹¹ are together compelling government interests, directly aligned with fundamental first amendment speech rights, and ARSC believes such goals would withstand even a heightened level of scrutiny. Furthermore, ARSC strongly believes that federal preemption would promote, rather than interfere with, the fundamental right to property and freedom to contract. Allowing conflicting and unpredictable state laws to govern historic recordings at risk of permanent disappearance could, however, undermine the entire constitutional purpose of federal copyright.⁹²

⁹⁰ See Nimmer on Copyright §19E.03[A][1] (making the argument against perpetual state law protections, stating: “when we consider copyright protection beyond the life expectancy of the author’s children and grandchildren, the balance between speech and copyright must shift. . . . At that point the First Amendment should prevail, and perpetual common law copyright protection should give way. . . . It would appear to be open to the state courts to construe their respective laws of common-law copyright in such manner as to bring them within the limitations of the First Amendment. This would require the imposition of some time limitation on the duration of common-law copyright.” See *S.A.R.L. Louis Feraud Int’l v. Viewfinder, Inc.*, 489 F.3d 474, 480 (2d Cir. N.Y. 2007) Laws antithetical to the First Amendment will be held repugnant to public policy

⁹¹ While the 50-year minimum duration of protection for sound recordings created by TRIPS and the WPPT have become the majority rule globally, there remains substantial disharmony between the United States and the rest of the world.

⁹² See Ringer Study at 47: “The drawbacks of [state law] protection are well known - limited jurisdiction, lack of uniformity, uncertainty of outcome, ineffectiveness of available remedies, and danger of retaliatory State legislation. Moreover, if the courts continue to extend the boundaries of unfair competition and common law copyright in the area of sound recordings, the result may be that an uncopyrightable work receives more protection than one that qualifies for copyright. At best, this result would be anomalous and undesirable; at worst, it could threaten to undermine the entire concept of copyright. It could apparently be prevented only by bringing sound recordings under the Federal copyright law, and imposing whatever limitations may be necessary on their protection.”