SOUND RECORDINGS: PROTECTION UNDER STATE LAW AND UNDER THE RECENT AMENDMENT TO THE COPYRIGHT CODE

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Modern technological developments in the sound recording field, such as tape recording and playback equipment for open-reel tapes, 8-track cartridges, and casettes, have facilitated the growth of a prolific industry founded on the unauthorized duplication of disc and tape recordings of music.[1] Although the legitimate recording industry has always viewed this practice as "piracy," it has never been clearly established that the activities of the unauthorized duplicators are legally piratical.[2] The controversy has now been partially settled, at least temporarily, by an amendment to the federal copyright statute creating a limited copyright in sound recordings.[3] Because the amendment

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1. Since authors of both dramatic and literary works enjoy the exclusive right to produce recordings of their works, unauthorized duplication of such works is rare. Duplication of recordings of these works was clearly piratical under the copyright law even before the recent amendment to be examined in this article. See 17 U.S.C. §§ 1(c), (d) (1970). Authors of musical compositions enjoy a mechanical recording right that is subject to compulsory licensing. *Id.* § 1(e) (1970).

2. Nimmer, *Copyright and Quasi-Copyright Protection for Characters, Titles and Phonograph Records*, 59 TRADEMARK REP. 63, 72-75 (1969); Note, *Sound Recordings, Records and Copyright: Aftermath of Sears and Compco*, 33 ALB. L. REV. 371, 385-86 (1969); Note, *Performers' Rights and Copyright: The Protection of Sound Recordings from Modern Pirates*, 59 CALIF. L. REV. 548, 558-60 (1971).

3. Act of Oct. 15, 1971, Pub. L. No. 92-140, 85 Stat. 391, *amending* 17 U.S.C. §§ 1, 5, 19, 20, 26, 101 (1970). The copyright in sound recordings is applicable only to those recordings fixed on or after February 15, 1972, and before January 1, 1975, and shall not "be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act." *Id.* § 3. The terminal date was set by the House Committee "to provide a period for further consideration . . . before resorting to permanent legislative enactment," and to spur, if possible, the general revision effort. H.R. REP. No. 487, 92d Cong., 1st Sess. 1-2 (1971). See text accompanying notes 79-85 *infra*. While the current revision effort began with a series of studies on copyright problems in 1955 and has been pending in Congress since 1964, the technological changes affecting copyrights and

affords only limited and provisional protection, however, further legislation and a pronouncement by the Supreme Court will be necessary before a complete solution can be found.

The controversy stems from the copyright-patent clause of the United States Constitution, which empowers Congress to promote "useful Arts" by granting authors the exclusive rights to their "Writings" for limited periods.[4] Reacting slowly to new technological developments, Congress has exercised this power broadly but sporadically and has allowed the states to protect unpublished writings under common law.[5]

Before the recent amendment to the copyright statute, the federal copyright law did not protect sound recordings against unauthorized duplication or copying of the sounds fixed in phonograph record discs, tape recordings, cartridges, rolls or cassettes.[6] The unamended law did confer a mechanical recording right to proprietors of copyrights in literary, dramatic and musical compositions,[7] but this right was distinguished conceptually from any right in the completed sound recording.[8] Thus, the law protected composers, although subjecting the mechanical recording right for musical compositions to a

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the pressures of conflicting interests have forestalled enactment of the revision bill. The most recent bill was S. 644, 92d Cong., 1st Sess. (1971).

4. U.S. CONST. art. I, § 8, cl. 8, provides that Congress shall have 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."

5. 17 U.S.C. § 2 (1970). It is generally agreed that federal law governs protection for published writings and that state law governs unpublished writings, unless statutory copyright has been secured under *id.* § 12. In the face of Congressional inaction, certain works may be recognized as writings under the Constitution but are nevertheless not protected by the federal statute. Such works may be protected by state law in unpublished form, but state protection presumably ends after publication. Sound recordings represented the classic case of a constitutional, but non-statutory, writing until the recent amendment. See Goldstein, *Federal System Ordering of the Copyright Interest*, 69 COLUM. L. REV. 49 (1969); Kalodner & Vance, *The Relation between Federal and State Protection of Literary and Artistic Property*, 72 HARV. L. REV. 1079 (1959); Kaplan, *Performer's Right and Copyright: The Capitol Records Case*, 69 HARV. L. REV. 409 (1956).

6. The "sound recording" is the copyrightable writing of an author, and this writing will be embodied in material objects such as discs or tapes.

7. 17 U.S.C. §§ 1(c), (d), (e) (1970).

8. The mechanical recording right attaches to the underlying musical, dramatic or literary work recorded, and the right may be exercised by the holder of that copyright. A "sound recording" is now a new category of copyrightable work, with the copyright relating only to the series of sounds per se. The sound recording will ordinarily be created by the intellectual effort of performers and record producers rather than composers and writers, who create music, drama and literature. The creative acts of a composer and a singer are completely different, although both are musicians: the composer establishes certain paramaters of pitch, tempo, dynamics and other musical effects in his composition, and the singer then creates an artistic interpretation of the composition. The sound recording copyright will protect the singer's creative effort but not that of the composer, who is protected by other statutory provisions. See *id.* §§ 1(a), (b), (e). Thus, the owner of a musical composition has exclusive rights to control the reprinting of the composition, to perform it in public for profit, to create new arrangements and to control its initial mechanical reproduction.

compulsory license,[9] but did not protect performers or record companies; nor did it give the music copyright proprietors a federal right to prevent duplication of sound recordings authorized by them. Because of the compulsory license provisions, pirates have been able to rerecord successful recordings merely by complying with the compulsory license provisions as though they were producing original recordings.[10]

The hiatus in federal protection did not result from congressional ignorance of existing technology in the sound recording field, or even from technological developments after the last general revision, for phonograph record discs and cylinders were a modest commercial success by 1909. Instead, there were constitutional questions concerning the granting of copyright protection for sounds fixed in phonograph records,[11] since it was uncertain whether they constituted "Writings" of an author.[12] There was also a "mechanical music trust" issue which dominated the 1906-1909 general revision effort.[13]

Prior to that revision, the leading player piano roll company had contracted with most members of the Music Publishers Association to obtain exclusive mechanical reproduction rights if the courts upheld the right of the copyright proprietors. In 1908, however, the Supreme Court, in *White-Smith Music Publishing Co. v. Apollo Co.*,[14] held that perforated piano rolls were not "copies" of the copyrighted musi-

9. The proprietor of a musical copyright has an exclusive mechanical reproduction right if he neither makes nor licenses a recording. Once the work is recorded or licensed, however, anyone may record it by complying with the provisions of the statute, which include filing a notice of intention to use, paying 2 cents per record manufactured and filing monthly production reports. See 17 U.S.C. § 1(e) (1970); 17 U.S.C.A. § 101(e) (Supp. 1972).

10. It has been estimated that the sale of pirated sound recordings has reached $100 million per year. Tape Indus. Ass'n of America v. Younger, 316 F. Supp. 340, 351 (C.D. Cal. 1970), *appeal dismissed*, 401 U.S. 902 (1971); Note, *Record Piracy and Copyright: Present Inadequacies and Future Overkill*, 23 ME. L. REV. 359, 362 (1972). The efficacy of resorting to the compulsory licensing provisions was severely limited, however, by the Ninth Circuit in Rosner v. Duchess Music Corp., 458 F.2d 1305, *cert. denied*, 93 S.Ct. 52 (1972). The court held that unauthorized duplicators did not make a "similar use" of the musical composition within the meaning of 17 U.S.C. § 1(e) (1970), and therefore could not avail themselves of the compulsory licensing provisions to avoid actionable infringement. This rationale is not persuasive, and the contrary ruling of the lower court was in accord with what appears to be the prevailing view. See M. NIMMER, COPYRIGHT 430-31 (1971 ed.). The ruling of the lower court in *Duchess* has been followed in Jondora Music Pub. Co. v. Melody Recordings, Inc., 176 U.S.P.Q. 110 (D. N.J. 1972).

11. *Hearings on Pending Bills to Amend and Consolidate the Acts Respecting Copyright Before the Senate and House Committees on Patents*, 60th Cong., 1st Sess. at 265-67, 273-81, 359-60 (1908).

12. *See* Derenberg *et al*, *The Meaning of "Writings" in the Copyright Clause of the Constitution*, W.I. STUDIES ON COPYRIGHT, 43-86 (Fisher mem. ed. 1963); Kaplan, *Performer's Right and Copyright: The Capitol Records Case*, 69 HARV. L. REV. 409, 413-15 (1956).

13. H.R. REP. No. 2222, 60th Cong., 2d Sess. 4 (1909); H.R. REP. No. 7083, 59th Cong., 2d Sess. 9 (1907).

14. 209 U.S. 1 (1908).

cal composition embodied in the rolls within the meaning of the existing copyright statute.[15] Reproduction of copyrighted music on piano rolls thus could not constitute infringement of the copyright in the music. In the face of the adverse Supreme Court decision, the contracts were renegotiated to transfer the mechanical reproduction rights to the piano roll company if Congress granted that right when the copyright law was revised.[16] This specter of a potential mechanical music trust led Congress to adopt the compulsory license compromise. Instead of redefining "copies" to include mechanical reproductions, which might have resulted in a monopoly, Congress granted proprietors of musical works the right to make or license only the first mechanical reproduction.

The committee report accompanying the 1909 bill specifically noted Congress' intent to deny copyright protection to the mechanical reproductions themselves.[17] No right against unauthorized duplication of sound recordings was conferred by the statute, and Congress had declined to act until the recent amendment. Moreover, although the Supreme Court decided *Apollo* under the pre-1909 law, the case has generally been considered applicable to the present law and to more modern devices for reproducing music.[18] Thus, mechanical reproductions are still not regarded as "copies" of the music embodied in them, and cannot be deposited in the Copyright Office to register claims to copyright in the underlying compositions.

The recent amendment to the copyright code does not alter this principle. The strategy was to leave *Apollo* standing, except for the change necessary to create a distinct and limited copyright in sound recordings against unauthorized duplication. "Sound recordings" are defined by the new law 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."[19] Phonograph records will now be

15. For purposes of the law existing at that time, Act of Mar. 3, 1891, ch. 565, 26 Stat. 1106, the Supreme Court defined a "copy" of a musical composition as a "written or printed record of it in intelligible notation. . . . [M]usical tones are not a copy which appeals to the eye." White-Smith Music Publishing Co. v. Apollo Co., 209 U.S. 1, 17 (1908). The Court also emphasized that piano rolls could not be read by one skilled in preparing the rolls, and that the statute provided for registration "of a tangible thing, against the publication and duplication of which it is the purpose of the statute to protect the composer." *Id.*

16. H.R. REP. No. 2222, 60th Cong., 2d Sess. 8 (1909).

17. *Id.* at 9.

18. NIMMER, *supra* note 10, at 73; Fritch, *Some Copyright Implications of Videotapes*, 37 S. CALIF. L. REV. 214, 218-19 (1964); Meagher, *Copyright Problems Presented by a New Art*, 30 N.Y.U.L. REV. 1081, 1091-93 (1955).

19. 17 U.S.C.A. § 26 (Supp. 1972). Sounds accompanying a motion picture are excluded under the theory that they are protected by the copyright in the motion picture. H.R. REP. No. 487, 92d Cong., 1st Sess. 6 (1971). This represents a possibly unwarranted assumption since the status of motion picture soundtracks has long been controversial. See Brylawski, *Copyrightability of Motion Picture Sound Tracks*, 18 BULL. COP. SOC. 357 (1971).

acceptable deposit copies to register claims to copyright in the sound recording, but not in the underlying musical composition.

This article will examine the status of sound recordings fixed before the effective date of the amendment and analyze the impact of that enactment on present copyright doctrine. To accurately evaluate that impact, it will be necessary first to examine the relationship between common law and statutory copyright,[20] and to review the common law copyright and unfair competition theories through which the states have encroached upon federal power in their zeal to protect against unauthorized duplication of sound recordings. The attempt by the Supreme Court to stultify the growth of state unfair competition law in *Sears, Roebuck & Co. v. Stiffel*[21] and *Compco Corp. v. Day-Brite Lighting, Inc.*,[22] and the opportunity now before the Court to define the federal policy in unmistakable terms will also be considered. Finally, the changes made by the recent amendment will be reviewed.

PROTECTION OF SOUND RECORDINGS UNDER STATE LAW

In the absence of federal protection for sound recordings, some states accord protection under either "common law copyright" or, more frequently, under the "misappropriation" variety of unfair competition.[23] Several decisions utilize both concepts to justify relief.

Common Law Copyright

Traditionally, state law competence to protect unpublished literary material has been recognized under common law copyright. This is the right of the creator of literary property to be protected by the common law against theft of his creation just as the common law protects against theft of physical property. It is often referred to as the right of first publication,[24] since the act of publication terminates the

20. This relationship has been debated for more than 200 years. See Millar v. Taylor, 98 Eng. Rep. 201 (K.B. 1769) (common law protected an author against unauthorized use of his book and the provisions of the Statute of Anne, 8 Anne, c. 19 (1710), were cumulative to the common law right).

21. 376 U.S. 225 (1964); *see* Kestenbaum, *The Sears and Compco Cases: A Federal Right to Compete by Copying*, 51 A.B.A.J. 935 (1965); Note, *To What Extent Has Federal Patent and Copyright Law Preempted State Protection of Trade Values?—the Sears and Compco Cases*, 1965 U. ILL. L.F. 83.

22. 376 U.S. 234 (1964).

23. *See* Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657 (2d Cir. 1955); Capitol Records, Inc. v. Erickson, 2 Cal. App. 3d 526, 82 Cal. Rptr. 798 (1969); Capitol Records, Inc. v. Spies, 130 Ill. App. 429, 264 N.E.2d 874 (1970); Columbia Broadcasting System, Inc. v. Cartridge City, Ltd., 35 C.O. Bull. 87 (N.Y. Sup. Ct. 1966); Greater Recording Co., Inc. v. Stambler, 144 U.S.P.Q. 547 (N.Y. Sup. Ct. 1965); Capitol Records, Inc. v. Greatest Records, Inc., 43 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup. Ct. 1964); Gieseking v. Urania Records, Inc., 17 Misc. 2d 1034, 155 N.Y.S.2d 171 (Sup. Ct. 1956); Liberty/UA, Inc. v. Eastern Tape Corp., 11 N.C. App. 20, 180 S.E.2d 414 (1971).

24. "Publication" is a term of art. No precise definition exists even for statutory

common law right. Thus, the author may choose never to publish his creation and theoretically remain entitled to common law protection in perpetuity. Once the author publishes his work, however, the requirements of the federal statute must be met or the work is committed to the public domain.[25] The difficulty with common law copyright as a means of protecting sound recordings is that the wide dissemination of commercial recordings arguably results in a publication which represents a barrier to the application of common law.

As demonstrated in *Capital Records, Inc. v. Mercury Records Corp.*,[26] however, the barrier is superable. There, the court held that state law controlled since Congress had not legislated with respect to sound recordings. The court found that, under New York law, commercial dissemination of phonograph records does not dedicate common law rights in the recorded rendition.[27] On the other hand, the prevailing federal rule seems to be that commercial dissemination of records does divest common law rights in the recorded composition unless a statutory copyright has been secured.[28] Hence, the same commercial dissemination of a phonograph record may be treated by the courts as a forfeiture of the rights of a composer in his musical composition, unless he has secured a statutory copyright before dissemination, while leaving intact common law rights of performers and record companies in the recorded rendition.

This inconsistency between the federal and state attitudes regarding the effect of commercial dissemination of phonograph records stems from Congressional inaction and the absence of a clear decision by the Supreme Court regarding state law competence on the issue of publication. Proponents of state law protection for sound recordings continue to argue that an old English case, *Donaldson v. Beckett*,[29] established a presently valid principle that common law rights are divested by the act of publication only to the extent that the copyright

purposes, although the statute defines the "date of publication." See 17 U.S.C. § 26 (1970). Generally, publication is the sale, placing on sale or public distribution of copies of a work. Dissemination of a work by public performance on the stage, live television or live broadcast does not constitute publication. NIMMER, *supra* note 10, at 208-09.

25. Wheaton v. Peters, 33 U.S. 591 (1834); American Code Co. v. Bensinger, 282 F. 829 (2d Cir. 1922); Rolland v. Henry Holt & Co., 152 F. Supp. 167 (S.D.N.Y. 1957); Basevi v. Edward O'Toole, Inc., 26 F. Supp. 41 (S.D.N.Y. 1939); Carte v. Duff, 25 F. 183 (S.D.N.Y 1885); Daly v. Walrath, 57 N.Y.S. 1125 (App. Div. 1899); Palmer v. DeWitt, 47 N.Y. 532 (1872).

26. 221 F.2d 657 (2d Cir. 1955); *see* Kaplan, *supra* note 5; Note, *Publication Governed by State Law Where Recordings Not Eligible for Copyrights Under Federal Statute*, 56 COLUM. L. REV. 126 (1956).

27. 221 F.2d at 663. *See also* Waring v. WDAS Broadcasting Station, Inc., 327 Pa. 433, 194 A. 631 (1937); NIMMER, *supra* note 10, at 198, 204.

28. *See* McIntyre v. Double-A Music Corp., 166 F. Supp. 681 (S.D. Cal. 1958); Shapior, Bernstein & Co. v. Miracle Record Co., 91 F. Supp. 473 (N.D. Ill. 1950).

29. 98 Eng. Rep. 257 (H.L. 1774).

statute supersedes the common law. Thus, the argument proceeds, sound recordings, which were not protected under the federal statute before 1972, remain entitled to common law protection even after widespread commercial dissemination. Under the doctrine of *Erie Railroad Co. v. Tompkins*,[30] federal courts have applied what they regard as the state law concerning publication.

This argument was accepted by the Second Circuit in *Capitol Records* when it applied New York law[31] over the vigorous dissent of Judge Learned Hand. While agreeing with the majority that sound recordings constituted writings of authors within the scope of the copyright clause[32] and were not protected under the copyright statute, Judge Hand took exception to the majority view that the states could constitutionally protect copyrightable subject matter widely disseminated in "copies" simply because Congress had failed to act. He believed that publication must be a federal question, for otherwise the states could set at naught the federal policies embodied in the copyright clause and statute, including the need for national uniformity and the constitutional mandate of copyrights for a limited time. Although Judge Hand did not prevail in *Capitol Records*, the Supreme Court may have embraced his view[33] in the companion cases *Sears, Roebuck & Co. v. Stiffel*[34] and *Compco Corp. v. Day-Brite Lighting, Inc.*[35] These cases held that "when an article is unprotected by a patent or a

30. 304 U.S. 64 (1938).

31. The *Capitol Records* court decided that Metropolitan Opera Ass'n, Inc. v. Wagner-Nichols Recorder Corp., 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1951), represented the New York rule: sale or distribution of phonograph records does not dedicate rights in the sound recording. The court has been criticized for this interpretation of *Metropolitan Opera*. NIMMER, *supra* note 10, at 205-06; Goldstein, *Federal System Ordering of the Copyright Interest*, 69 COLUM. L. REV. 49 (1969). The theory in *Capitol Records* was that *Metropolitan Opera* necessarily implied that common law copyright survived distribution of recorded performances, since it otherwise would have been absurd to grant injunctive relief to Columbia Records when it had sold its records. The court apparently overlooked the point that injunctive relief might be granted against a direct competitor even though the remainder of the world is free to copy the product appropriated, and did not attach significance to the misappropriation theory of unfair competition which figured prominently in *Metropolitan Opera*. A New York state court subsequently adopted the view of *Capitol Records* on the New York rule relating to common law copyright in recorded renditions after distribution. Gieseking v. Urania Records, Inc., 17 Misc. 2d 1034, 155 N.Y.S.2d 171 (Sup. Ct. 1956).

32. Neither the majority nor Judge Hand discussed the copyrightability of the contribution of the record producer, representing the skill of sound engineers. Earlier, in RCA Mfg. Co. v. Whiteman, 114 F.2d 86 (2d Cir. 1940), Judge Hand assumed for purposes of the case that the contribution of the sound engineers, although "far more doubtful" than the performer's contribution, was constitutionally copyrightable. *Id.* at 88. The district court in *Whiteman* had ruled that the contribution of the record producer did not qualify for common law copyright protection. RCA Mfg. Co. v. Whiteman, 28 F. Supp. 787, 792 (S.D.N.Y. 1939). See text accompanying notes 119-126 *infra*.

33. *See* NIMMER, *supra* note 10, at 145.1; Gamboni, *Unfair Competition Protection After Sears and Compco*, 15 ASCAP 1, 59 (1967).

34. 376 U.S. 225 (1964).

35. 376 U.S. 234 (1964).

copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy . . . of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain."[36]

Unfair Competition and the Misappropriation Doctrine

The Supreme Court in *Sears* and *Compco* met head-on an expanding concept of unfair competition which had been developed by federal judges notwithstanding the reversal of *Swift v. Tyson*[37] by *Erie Railroad v. Tompkins*.[38] After a brief decline, unfair competition relief rose again in the federal courts through the devices of diversity and pendent jurisdiction. The decisions were theoretically based on state law rather than on the "discarded" concept of a federal law of unfair competition, but the prior dominance of the federal courts under *Swift v. Tyson* had created a vacuum in state jurisprudence. In the years after *Erie*, the federal courts gradually, and expansively, moved to fill that void.[39]

Unfair competition relief was originally predicated upon the existence of three elements: competition between the parties, appropriation of a property interest by the alleged predatory competitor and "passing-off."[40] By the time of *Sears* and *Compco*, however, many courts had taken the position that the fact of copying created an inference of confusion in the minds of consumers. If, as was generally the case, the alleged predator could not rebut the presumption of likelihood of confusion, the court granted unfair competition relief.[41] There have been a number of significant unfair competition cases relating to the unthorized use of sound recordings which have followed this general trend. Those cases provide a convenient method of tracing the unfair competition doctrine and misappropriation theory.

The series begins with a 1904 case, *Victor Talking Machine Co. v. Armstrong*.[42] The competing record manufacturer misrepresented its pirated records as the plaintiff's, even using the plaintiff's catalog

36. *Id.* at 237.

37. 41 U.S. 1 (1842). For nearly one hundred years, the doctrine of this case enabled the federal courts to develop general principles of commercial law and unfair competition. The opinions of state tribunals in commercial matters were to be respectfully considered, but they were not binding on the federal courts.

38. 304 U.S. 64 (1938).

39. Price, *Moral Judge and the Copyright Statute: The Problem of Stiffel and Compco*, 14 ASCAP 90, 94-100 (1966).

40. Goldstein, *supra* note 31, at 58; Note, *Performers' Rights and Copyright: The Protection of Sound Recordings from Modern Pirates*, 59 CALIF. L. REV. 548, 550-51 (1971).

41. American Safety Table Co. v. Schreiber, 269 F.2d 255 (2d Cir.), *cert. denied*, 361 U.S. 915 (1960); Price, *supra* note 39, at 99; Gamboni, *supra* note 33, at 6.

42. 132 F. 711 (S.D.N.Y. 1904).

numbers and center design. Faced with these blatant predatory tactics, the court found that all three elements of unfair competition were present and granted an injunction against further duplication. The concept of misappropriation began to develop several years later in *Fonotipia, Ltd. v. Bradley*.[43] In order to avoid technically engaging in unfair competition, the defendant advertised his records as duplications and credited the performers. Despite this ploy, the court granted relief, ruling that it was no longer necessary to establish "passing-off;" equitable relief could be granted for the taking of property in the form of valuable ideas even without intentional deception. Arguably, *Fonotipia* has been overruled,[44] but it was followed by other cases before it was rejected.[45]

In the wake of the premature *Fonotipia* decision, the Supreme Court decided the landmark case of *International News Service v. Associated Press*.[46] While *INS* involved competing wire news services and not sound recordings, it merits consideration because it is the fountainhead of the misappropriation doctrine. In response to the plaintiff's allegation that its uncopyrighted news releases had been appropriated by the defendant, the Court ruled that, as against the general public, any interest of the plaintiff in the releases was lost upon publication.[47] It recognized, however, that the plaintiff had a quasi-property interest in the releases as against a competitor. The appropriation for profit of the results of the skill, labor and capital investment of one party by a competitor constituted unfair competition against which equity would afford relief.

With few exceptions, however, the redoubtable Judge Learned Hand and others confined the *INS* doctrine to its facts for a number of years.[48] Consequently, varying results were obtained in those cases

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43. 171 F. 951 (E.D.N.Y. 1909).

44. The court mistakenly believed that Congress had granted statutory copyright to sound recordings, but did not rule to that effect since the Act of 1909 was not applicable. With respect to the idea that it was no longer necessary to establish "passing-off," Judge Hand said in G. Ricordi & Co. v. Haendler, 194 F.2d 914 (2d Cir. 1952), that *Fonotipia* was overruled. This has proved to be a futile gesture since New York followed *Fonotopia* and eliminated "passing-off" in Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp., 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1951), and the Second Circuit announced in Capital Records, Inc. v. Mercury Records Corp., 221 F.2d 657 (2d Cir. 1955), that they would follow *Metropolitan Opera*.

45. *See, e.g.*, Waring v. WDAS Broadcasting Station, Inc., 327 Pa. 433, 194 A. 631 (1937); Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp., 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950) *aff'd*, 279 App. Div. 632, 107 N.Y.S. 2d 795 (1951).

46. 248 U.S. 215 (1918).

47. *Id.* at 240-41.

48. *See, e.g.*, G. Ricordi & Co. v. Haendler, 194 F.2d 914 (2d Cir. 1952); RCA Mfg. Co. v. Whiteman, 114 F.2d 86 (2d Cir. 1940); Millinery Creators' Guild v. Federal Trade Comm'n, 109 F.2d 175 (2d Cir. 1940); Cheney Bros. v. Doris Silk Co., 35 F.2d 279 (2d Cir. 1929).

which were litigated in the 1930's involving the unauthorized broadcasting of recordings.[49] It was only in the aftermath of *Sears* and *Compco* that the misappropriation theory of *INS* has been revitalized.[50]

The broadest application of the misappropriation rationale as a means of affording relief against unauthorized duplication before *Sears* and *Compco* was in *Metropolitan Opera Association, Inc. v. Wagner-Nichols Recorder Corp.*[51] The Metropolitan Opera had contracted with ABC to broadcast opera performances, and with Columbia records to produce recordings of special performances. The defendant recorded several broadcasts and manufactured commercial records, two of which were of the same operas already recorded by the Metropolitan for Columbia. The court employed the *Fonotopia* rationale that no proof of passing off was necessary, even though an element of passing off existed in fact. Apparently, the court felt constrained to adopt the misappropriation theory of unfair competition because otherwise it would have been unable to grant injunctive relief to the Metropolitan. While the defendant could be said to have been in competition with Columbia, it is difficult to prove competition between a performer and an unauthorized seller of records. Hence, the court eliminated two of the three traditional prerequisites of unfair competition. Wrongful appropriation of commercially valuable quasi-property rights was the sole surviving element, and relief would be accorded against the "effort to profit from the labor, skill, expenditures, name and reputation of others."[52]

Sears *and* Compco *and Their Progeny*

It has been argued that before 1964 state courts and lower fed-

49. *Compare* Waring v. Dunlea, 26 F. Supp. 338 (E.D.N.C. 1939) and Waring v. WDAS Broadcasting Station, Inc., 327 Pa. 433, 194 A. 631 (1937) *with* RCA v. Whiteman, 114 F.2d 86 (2d Cir. 1940).

The misappropriation theory of unfair competition was applied in the *Waring* cases along with common law copyright to accord relief against the unauthorized broadcasting of records that had been issued with the legend "Not licensed for radio broadcasts" on the labels. Soon after the *Waring* cases, Judge Hand, writing for the majority in *Whiteman*, argued that *INS* should be limited to its facts and that any common law copyright in a sound recording is lost by publication of the record in which the sounds are fixed. Apparently, there have been no cases on broadcasting of records since *Whiteman* because of altered industry practice and technological changes. "Live" radio declined sufficiently in importance that the playing of records on the radio did not compete with live performances. Moreover, the performers benefited from the publicity obtained by the records being played. Note, *supra* note 40, at 557.

50. *See* text accompanying notes 61-64 *infra*.

51. 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1951). Before *Sears* and *Compco*, the misappropriation theory seemed on the verge of further expansion when a lower court granted relief to the widow of Glenn Miller against an imitation of the Glenn Miller "sound." Miller v. Universal Pictures Co., 18 Misc. 2d 626, 188 N.Y.S.2d 386 (Sup. Ct. 1959). The Appellate Division reversed, however, on the ground that Mrs. Miller had no property interest in the sound and therefore no misappropriation could occur. 11 App. Div. 47, 201 N.Y.S.2d 632, *aff'd*, 10 N.Y.2d 972, 180 N.E.2d 248, 224 N.Y.S.2d 662 (1961).

52. 199 Misc. 786, 796, 101 N.Y.S.2d 483, 492 (Sup. Ct. 1950).

eral courts did not accord relief against unauthorized duplication of records solely on the ground of misappropriation.[53] Generally, there were elements of deception and competition, even if slight, and relief was frequently bottomed on a mixture of misappropriation and common law copyright. Nevertheless, it is clear that traditional unfair competition had been substantially broadened by the evidently strong feeling of lower court judges that equity should be able to halt predatory business practices unhampered by the copyright and patent statutes.

In *Sears, Roebuck & Co. v. Stiffel,*[54] and *Compco v. Day-Brite Lighting, Inc.*[55] the Supreme Court was clearly presented with a challenge to this broadened unfair competition relief by two patent cases arising from the application of Illinois law by lower federal courts. The Court reviewed the purpose of the patent-copyright clause of the Constitution, emphasizing the prerequisites pertaining to the grant of a patent, the time limit, the policy of uniformity through federal standards and the need to guard the interests of the community. Mr. Justice Black invoked the supremacy clause and reminded the lower courts of the familiar doctrine that "federal policy 'may not be set at naught, or its benefits denied' by the state law, . . . even if the state law is enacted in the exercise of otherwise undoubted state power."[56]

The Court continued by qualifying the nature and scope of state relief which could be granted. "Just as a State cannot encroach upon the federal patent [and copyright] laws directly, it cannot, under some other law, such as that forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent [and copyright] laws."[57] States are permitted to require appropriate labeling or other precautionary steps to prevent customer confusion, however, and may continue to impose liability for deception of the public by "palming off."[58] Lesser varieties of unfair competition may be remedied only by requirements for adequate labeling.

Mr. Justice Black's broad, preemptive language was apparently designed to diminish the ardor of lower courts in according unfair competition relief upon only slight evidence of customer confusion. That the decisions would not have the intended effect was quickly and correctly predicted.[59] The moral indignation of trial and appellate judges below the Supreme Court level over predatory practices has per-

53. *See* Price, *supra* note 39, at 112.
54. 376 U.S. 225 (1964).
55. 376 U.S. 234 (1964).
56. Sears Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 229 (1964).
57. *Id.* at 231.
58. Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234, 238 (1964).
59. *See* Price, *supra* note 39, at 114.

sisted and probably will continue to persist until and unless the Supreme Court speaks more directly and in less sweeping language. Lower court judges will not read into Supreme Court opinions what offends their consciences as courts of equity.

The Supreme Court left the door open for lower court avoidance of the full force of *Sears* and *Compco* by the very sweep of the general language, by the express recognition of state competence in protecting unpublished writings[60] and by the failure to repudiate explicitly the *INS* case or, at least, to confine it to its facts. The lower federal and state courts have revived the popularity of the misappropriation theory and have raced through the open door in order to continue state protection of sound recordings.

A large number of cases have been decided in the unfair competition-product simulation field since *Sears* and *Compco*.[61] Many of these involve unauthorized duplication of sound recordings, and protection continues to be granted under either common law copyright[62] or the more popular misappropriation theory.[63] The courts have also en-

60. Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 231 n.7 (1964).

61. *See, e.g,* Spangler Candy Co. v. Crystal Pure Candy Co., 353 F.2d 641 (7th Cir. 1965); Flexitized, Inc. v. National Flexitized Corp., 335 F.2d 774 (2d Cir. 1964), *cert. denied,* 380 U.S. 913 (1965); Aerosol Research Co. v. Scovill Mfg. Co., 334 F.2d 751 (7th Cir. 1964); Tappan Co. v. General Motors Corp., 245 F. Supp. 972 (N.D. Ohio 1965), *aff'd,* 380 F.2d 888 (6th Cir. 1967); Jerrold Stephens Co., Inc. v. Alladin Plastics Inc., 229 F. Supp. 536 (S.D. Cal. 1964).

62. The first sound recording case to distinguish *Sears* and *Compco* was Capitol Records, Inc. v. Greatest Records, Inc., 43 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup. Ct. 1964). The defendant had duplicated recorded performances by the Beatles, and argued that, under *Sears* and *Compco,* state law could not protect the performances since they had been dedicated by the plaintiff's sale of records. The court distinguished *Sears* and *Compco* on the theory that they dealt with imitation rather than actual appropriation. Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657 (2d Cir. 1955), was found to be valid, and public sale of records was again held not to constitute dedication of the performances fixed in the recording. *Accord,* Columbia Broadcasting System, Inc. v. Cartridge City, Ltd., 35 C.O. Bull. 87 (N.Y. Sup. Ct. 1966); Greater Recording Co. v. Stambler, 144 U.S.P.Q. 547 (N.Y. Sup. Ct. 1965).

63. The misappropriation rationale has been followed recently in California, despite initial indications by the Ninth Circuit that *Sears* and *Compco* might demand adjustment of state policies. See text accompanying notes 65-66 *infra.* In Capitol Records Inc. v. Erickson, 2 Cal. App. 3d 526, 82 Cal. Rptr. 798 (1969), *cert denied,* 398 U.S. 960 (1970), the appellate court reviewed the cases on sound recording protection before and after *Sears* and *Compco.* It noted that some commentators believed that *INS* remained viable after *Sears* and *Compco,* and that courts in other jurisdictions had adopted the misappropriation rationale of according protection. The court accorded unfair competition relief since the plaintiff and defendant were competitors, and the defendant appropriated the product itself—performances embodied in the records—rather than copying or imitating the recorded performance. *Id.* at 538, 82 Cal. Rptr. at 806.

An Illinois court has ruled that *INS* rather than *Sears* and *Compco* is controlling in the case of appropriation of the actual sounds recorded in an album. Capitol Records Inc. v. Spies, 167 U.S.P.Q. 489 (Ill. App. 1970). The court employed the tactic of limiting *Sears* and *Compco* to copying rather than appropriation. See text accompanying note 64 *infra. See also* CBS v. Spies, 130 Ill. App. 429, 264 N.E.2d 874 (1970).

In Liberty/UA, Inc. v. Eastern Tape Corp., 11 N.C. App. 20, 180 S.E.2d 414 (1971), the court also applied *INS* in support of the misappropriation theory, and granted protection against unauthorized duplication of sound recordings notwithstanding an

gaged in judicial legerdemain by reasoning that the Supreme Court curbed state power over *copying* of works unprotected by patent or copyright, but did not curb the power over *appropriation* of the exact work. Thus, the state courts even after *Sears* and *Compco* have concluded that they may accord protection against unauthorized duplication of sound recordings but not against imitation.[64] Duplication is denominated "appropriation" and imitation is "copying." *Sears* and *Compco* affect the latter but not the former.

Not all courts have been willing to ignore the inclusive language of *Sears* and *Compco*, however. In fact, at least two circuit courts of appeal have interpreted the cases for their fullest meaning. In *Cable Vision, Inc. v. KUTV, Inc.*[65] the defendants had retransmitted the broadcast signal of a television station without consent. On appeal, they argued that *Sears* and *Compco* now precluded state protection in this instance and the Ninth Circuit concurred: "[T]he public domain was broadly delineated in Sears: that which is either not copyrighted, not copyrightable or on which the copyright has expired is in the public domain."[66] Protection must be sought under the copyright statute or, if some programs have not been published, at common law. Moreover, the court held *INS* to its facts and refused to grant unfair competition relief in the absence of "passing-off."

Columbia Broadcasting System v. DeCosta[67] represents the most important instance of lower court acceptance of the broad preemptive language of *Sears* and *Compco*, and stands as the leading authority against the appropriation-copying school of distinguishing those cases. When the plaintiff sued CBS for copying his business card and stage business, the court refused to grant relief even though it recognized that CBS had blatantly copied the plaintiff's product.[68] First, the

"anti-common law" statute that had been enacted to overturn the result of Waring v. Dunlea, 26 F. Supp. 338 (E.D.N.C. 1939). The court noted the support for the misappropriation theory in other jurisdictions, and distinguished *Sears* and *Compco* on the appropriation-copying ground. The court concluded that the North Carolina statute was not intended to apply to the unauthorized duplication situation, and refused to construe the language literally.

South Carolina has now adopted a similar rule in Columbia Broadcasting System, Inc. v. Custom Recording Co., Inc., 189 S.E.2d 305, 309 (S.C. 1972).

At this time, the unauthorized duplicators have one case in their favor. In a declaratory judgment action, a District Court in Florida held the state's anti-privacy statute unconstitutional, invoking the supremacy clause and *Sears* and *Compco* to enjoin the enforcement of the criminal statute. International Tape Manufacturers Ass'n v. Gerstein, 174 U.S.P.Q. 198 (S.D. Fla. 1972).

64. *See* cases discussed in note 63 *supra*.

65. 335 F.2d 348 (9th Cir. 1964), *cert. denied*, 379 U.S. 989 (1965).

66. *Id.* at 350.

67. 377 F.2d 315 (1st Cir.), *cert. denied*, 389 U.S. 1007 (1967).

68. The plaintiff had created and widely performed the stage business comprising the character "Paladin." In order to publicize his business, the plaintiff published a copyrightable business card and his photograph, but which omitted notice of copyright. Both the card and character later appeared in the popular CBS series

court debunked the authority of *INS* because "it has clearly been overruled by the Supreme Court's recent decisions in Sears . . . and Compco. . . ."[69] Second, the federal policy announced by the Supreme Court in the latter case was one of encouraging intellectual creation by granting only a limited monopoly. "[I]f a 'writing' is within the scope of the constitutional clause, and Congress has not protected it, whether deliberately or by unexplained omission, it can be freely copied."[70] The federal policy favors free dissemination of intellectual creations absent the patent or copyright statutes.

In a significant new development, the Supreme Court has granted certiorari in *Goldstein v. California*.[71] This case has every promise of becoming a landmark decision settling the preemption dispute by an authoritative interpretation of the scope of *Sears* and *Compco*.[72] The defendants, convicted of misdemeanors under the California antipiracy statute,[73] have attacked the constitutionality of that statute on the ground of direct conflict with the copyright clause and its implementing federal laws and policy in effect before 1972. Principal reliance is placed on the argument that *Sears* and *Compco* announced a federal patent-copyright policy that precludes state action against unauthorized duplicators as long as they clearly identify themselves and do not attempt to pass off their tapes as authorized by the proprietor

"Have Gun Will Travel." While public performance alone does not ordinarily dedicate common law rights in a "writing," the plaintiff apparently did not argue the copyright ground to protect his "character." Instead, he maintained that CBS had appropriated his property, and that relief should be granted on that basis alone. The decision not to apply the misappropriation rationale may have resulted in part from the plaintiff's failure to protect his business cards under the copyright law. Creators of sound recordings have not had this option until the recent amendment to the copyright law.

69. 377 F.2d at 318.

70. *Id.* at 319.

71. 406 U.S. 956 (1972). The California decisions have not been officially reported but are printed in the briefs filed in the Supreme Court. For more than a year, it was expected that another California case might be appealed to the Supreme Court for resolution of the preemption issue. Tape Industries Ass'n of America v. Younger, 316 F. Supp. 340 (C.D. Cal. 1970), *appeal dismissed*, 401 U.S. 902 (1971). This is a civil case now on appeal before the Ninth Circuit in which the unauthorized duplicators brought an action for declaratory judgment as to the constitutionality of CAL. PENAL CODE § 653(h) (West 1970). A three-judge district court was convened which held the California statute constitutional. *Sears* and *Compco* were again distinguished on the ground that they involved copying rather than misappropriation. The court concluded that the prohibition is a "tolerable and permissible state regulation directed against theft and appropriation . . . and does not unconstitutionally intrude on the Federal policies enunciated in the Copyright Clause . . . and in Federal Copyright legislation . . . ." *Id.* at 351. The *Goldstein* case moved rapidly through the state courts since it is a criminal case. One of the defendants is a plaintiff in the *Tape Industries* case.

72. Since *Goldstein* is a criminal case, the decision may be framed to avoid resolution of the preemption issue in the context of state civil actions. Inexplicably, the Court declined to accept certiorari in a civil case that would have made an ideal companion case. Columbia Broadcasting System, Inc. v. Custom Recording Co., Inc., 189 S.E.2d 305 (S.C. 1972), *cert. denied*, 93 S. Ct. 437 (1972).

73. CAL. PENAL CODE § 653(h) (West 1970). Several states now have statutes banning the sale of unauthorized duplicates of sound recordings. *See, e.g.*, ARIZ. REV. STAT. ANN. § 13-1052 (Supp. 1972-73); FLA. STAT. ANN. § 543.041 (1972).

of either the musical composition or the sound recording.[74] The duplicators argue that those courts applying the misappropriation theory to protect sound recordings under state law have misinterpreted the federal policy postulated in *Sears* and *Compco*.[75]

Notwithstanding the recent amendment according a federal right, the decision in *Goldstein* may be important because it could determine the status of the considerable body of commercially significant sound recordings fixed before February 15, 1972, and therefore unprotected by federal law. It also presents the Court with the opportunity to clarify state law competence in the field of unfair competition generally.

Assuming a thorough consideration of the preemption issue and a decision on the merits, the Court must re-examine *Sears* and *Compco* and probably accept or reject the misappropriation rationale. It could avoid a complete acceptance or rejection of that theory, however, by concluding that unauthorized duplicators are a particularly undeserving breed whose activities should be circumscribed. Since state law is the only source of prohibition for pre-1972 recordings, the Court may accept the misappropriation theory with a proviso that state protection can in no event exceed the term of protection accorded by the federal law to protected subject matter.

Besides the misappropriation issue, there are several ancillary problems which may be considered. The Court may rule on the vexatious question whether divestive publication shall be decided under federal or state law principles. Guidance on the general question of state competence regarding unpublished writings also would be welcome. It is much less likely that the Court would re-examine the *Apollo* doctrine at this juncture; the parties probably will not argue the case, and its effect on protection for sound recordings is insignificant in the face of the recent amendment.

If the Court should reaffirm the broad implications of *Sears* and *Compco* and rule that federal policy forbids state protection of commercially disseminated sound recordings, the unauthorized duplicators will remain in business for several years, selling duplicates of pre-1972 recordings. Indeed, they may be able to force a compromise in the general revision bill to insure their survival. If the Supreme Court unmistakably approves state competence in the sound recording field, however, the unauthorized duplicators probably will be driven out of business and will be unable to obtain favorable legislation from

74. Brief for Petitioner at 11-12, Goldstein v. California, 406 U.S. 956 (1972).
75. *Id.* at 23-24.

Congress.[76] As a final result, piracy would be practiced at a greatly reduced level by "fly-by-night" operators rather than by those who have clothed themselves with the mantle of a Supreme Court decision to justify their profit from the labors of others.

THE NEW SOUND RECORDING PROVISIONS

Public Law 92-140[77] amending the Copyright Code is conceptually simple and theoretically easy to enforce. As suggested by the foregoing analysis of case law, however, the forces which shaped the amendment are much more complex. The Copyright Code has established a series of intricate relationships among composers, lyricists, publishers, producers, jukebox interests, performers and broadcasters which are difficult to restructure. Each group has zealously guarded its existing rights and has proposed amendments which are sometimes incompatible with the rights of the other groups. To these considerations must be added the public interest. Hence, it is unsurprising that reform efforts have become overdue.[78] Even the provisionary amendment as it now stands is a compromise; but it is at least an important step toward a general revision of the Copyright Code.

Limited Nature of the Copyright

The most striking limitation placed upon copyrightable sound recordings is the time period during which the recordings must have been fixed.[79] Only those sound recordings fixed on or after February 15, 1972, and before January 1, 1975, are to be protected. Unpublished sound recordings are ineligible for protection.[80] The term-

76. Whatever the outcome, there is little reason for optimism regarding passage of a general revision bill. Even more intransigent issues are delaying the revision bill. See text accompanying notes 77-83 *infra.*

77. Act of October 15, 1971, Pub. L. 92-140, 85 Stat. 391.

78. *See* text of note 3 *supra.* The issues that divide copyright interests in the music industry, however, are only one reason for the delay of the general revision bill. Through a series of compromises, all of the major music industry issues were resolved, except the issue of a performance right. Compromises were reached on the compulsory license issue, unauthorized duplication of sound recordings and the jukebox exemption. Serious opposition remains on the relatively recent proposal to grant protection to performers, but this opposition has not delayed enactment of the bill.

79. A series of sounds constituting a sound recording is "fixed" within the meaning of the statute when that complete series is first produced on a final master recording that is later reproduced in published copies. 37 C.F.R. § 202.15(a) (1972).

80. Only specified works are copyrightable in unpublished form. These include lectures, musical compositions, dramatic compositions and motion pictures. 17 U.S.C. § 12 (1970). Sound recordings join such works as books, periodicals and maps which can obtain statutory protection only after publication. *Id.* § 2 expressly recognizes state competence regarding unpublished works. Since sound recordings are now eligible for federal protection after publication, it is likely that the states will accord parallel protection for unpublished sound recordings. As a new category of copyrightable work, however, the scope of the protection must be determined by future litigation.

ination date for the amendment is explained by Congress' desire to provide interim protection while a general revision of copyright law is completed,[81] and by the desire of proponents of the amendment to minimize opposition.

The necessity of defusing opposition to the amendment partially explains the prospective effect of the provisions granting the sound recording right. An equally important consideration, however, was historical antipathy toward retroactive extension of copyright protection. Congress has rarely permitted retrieval of works from the public domain.[82] Paradoxically, the uncertain status of sound recordings under state law sealed off any attempt to accord retroactive federal protection. In the midst of a difficult effort to obtain a general revision, it would have been foolhardy for a special interest, such as the recording industry, to seek enactment of selfish proposals through a complicated piece of legislation, which would have been necessary to make the proposal retroactive. Simplicity of format and detail was essential to success. The recording industry wisely refrained from providing any significant target to possible opposition, and effectively isolated the admittedly unauthorized duplicators as the sole opposition. Even so, the duplicators attempted to obtain a compulsory licensing system.[83] The outcome may have been tipped in favor of the recording industry by international developments, especially the commitment of the United States to the creation of a new international convention,[84] which would obligate the federal government to protect foreign sound recordings.[85]

By amendment of section 1, covering the exclusive rights of the copyright owner, a new paragraph grants the right "[t]o reproduce and distribute to the public by sale or other transfer of ownership, or by rental, lease, or lending, reproductions of the copyrighted work if it be a sound recording."[86] This confers a right in sound recordings analogous to the general reproduction right for all other works,[87]

81. *See* text of note 3 *supra.*

82. Retroactive protection was granted through emergency legislation at the conclusion of World War I. Act of Dec. 18, 1919, ch. 11, 40 Stat. 368. Similar legislation enacted at the beginning of World War II was largely prospective, but also contained a retroactive clause for works published between the declaration of the war in Europe and the effective date of the proclamation. Act of Sept. 25, 1941, ch. 421, 55 Stat. 732.

83. H.R. REP. No. 487, 92d Cong., 1st Sess. 4-5 (1971).

84. *Id.* at 3. The Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms was signed in Geneva, Switzerland on October 29, 1971. Its provisions are similar to our amended domestic law.

85. Although the amendment establishes only a limited period for fixation of the sound recordings granted protection, those recordings will be protected for the normal copyright term of 28 years from first publication, with optional renewal for another 28 years, 17 U.S.C. § 24 (1970), even if the general revision is not enacted or the terminal date is altered by subsequent legislation.

86. 17 U.S.C.A. § 1(f) (Supp. 1972).

87. 17 U.S.C. § 1(a) (1970).

and is the basic exclusive right: the right to control the making of copies of the copyrighted work. Anyone who obtains a sound recording copyright will be able to recover against others who infringe upon that right.[88] Thus, unauthorized duplicators cannot continue to legitimatize their activites merely by obtaining a compulsory license covering the underlying musical composition.

As to the scope of the new protection, however, the right to reproduce the work "is limited to the right to duplicate the sound recording in a tangible form that directly or indirectly recaptures the actual sounds fixed in the recording."[89] The owner of a sound recording copyright is, therefore, protected against unauthorized duplication of the actual sounds fixed in the recording, but not against imitation.[90] This limitation is significant because there is a common practice in the recording industry of producing mirror records[91] which intentionally imitate the sounds of another recorded performance, usually with lesser-known performers and inferior sound engineering. The lack of protection against this practice is consistent with the scope of protection for sound recordings under both the common law copyright and misappropriation theories.[92] Moreover, since the policy behind the amendment is to protect against those pirating techniques which allow copying without the effort and expense of creating an original expression, it was unnecessary to extend protection against imitations.

The copyright also does not prohibit the duplication of sound recordings for certain specified purposes. The right does not protect against "reproductions made by transmitting organizations exclusively for their own use."[93] Both commercial and educational broadcasters may duplicate copyrighted sound recordings for purposes of later transmission without infringing the sound recording copyright. The House of Representatives Subcommittee Report further explains that,

88. *Id.* § 101(b).
89. 17 U.S.C.A. § 1(f) (Supp. 1972).
90. *Id.* This limitation is in accord with the proposed general revision. See S. 644, 92d Cong., 1st Sess. § 114(a) (1971).
91. *See* Diamond, *Copyright Problem of the Phonograph Record Industry*, 8 COP. SOC. BULL. 337, 345 (1961).
92. *See* Sinatra v. Goodyear Tire & Rubber Co., 435 F.2d 711 (9th Cir. 1970), *cert. denied*, 402 U.S. 906 (1971); Davis v. Trans World Airlines, 297 F. Supp. 1145 (C.D. Cal. 1969). These cases were not based on copyright law and, without the sanction of a statute, the courts did not protect against imitation. A contrary result would have represented an extraordinary expansion of the misappropriation rationale. Protection against imitation is a traditional copyright principle. See 17 U.S.C. § 1(b) (1970). In the case of sound recordings, however, which involve a copyright on a copyright, protection against imitation would be too broad. Moreover, performers would be the primary beneficiaries, and such broad protection would be opposed by composers, music publishers, record producers and broadcasters. The proposed general revision bill would give performers a share of sound recording royalties without granting protection against imitation. See S. 644, 92d Cong., 1st Sess. (1971).
93. 17 U.S.C.A. § 1(f) (Supp. 1972).

in the case of non-commercial public (educational) broadcasters, recordings made by one public broadcasting entity may be exchanged and broadcast by an unaffiliated public broadcasting entity if the recording is made exclusively for educational purposes.[94] The House Report also notes that the sound recording right will not restrain home recording from broadcasts or phonorecords if the recording is made for private use with no commercial purpose.[95]

The right to perform the work in public for profit currently enjoyed by proprietors of rights in musical compositions[96] has not been extended to authors of sound recordings.[97] Consequently, broadcasters, operators of hotels, dance halls and jukeboxes, and suppliers of background music may play a sound recording without the permission of the sound recording proprietor. This limitation on the sound recording right has no effect on the performance of other kinds of copyrighted works embodied in the phonorecord.[98] Hence, the right to perform music remains exclusive with the proprietor of the underlying composition, subject to the nonprofit exception.

As the above limitations indicate, the amendment was directed toward limiting the abuse of sound recordings by pirates rather than toward bestowing broad rights upon the proprietors of those recordings. The proprietor of a sound recording copyright will continue to derive his sole profit from the sale of individual, tangible packages embodying the recording. The major distinction is that the entire demand for a particular recording must now be filled by either licensed duplicates or additional recordings produced by the proprietor.

Notice Requirements for Sound Recordings

Statutory copyright in sound recordings will be secured by publication of the copyrightable work with the notice of copyright specified by the amended law. A special form of copyright notice has been

94. H.R. REP. No. 487, 92d Cong., 1st Sess. 8 (1971).

95. *Id.* at 7. The established lending practices of nonprofit libraries are not affected by the new protection. They may continue to lend records and even charge a rental fee without incurring any obligation to the owner of the sound recording right. *Id.* This implied limitation and the express or implied limitations discussed in text accompanying notes 93-95 *supra* all had the same purpose of neutralizing possible opposition to the amendment.

96. 17 U.S.C. § 1(e) (1970).

97. It is impossible to construe the limiting phrase, "the right to duplicate the sound recording," *id.*, to include the right to perform. The denial of this right was deliberate. The most recent general revision bill, S. 644, 92d Cong., 1st Sess. (1971), would have included the performance right with the copyright owner of the sound recording and the performers sharing the royalties. This proposal faces severe opposition from composers, music publishers, record producers and broadcasters.

98. "Phonorecord" is used in the general revision bill to define the material objects, such as discs and tapes, in which the sound recording is fixed. The new federal law uses the phrase "reproductions of sound recordings" to define the material objects embodying the work. 17 U.S.C.A. § 26 (Supp. 1972).

devised for sound recordings, and use of the standard copyright notice[99] presumably will not comply with the new statutory requirement. Under settled law, publication in the United States without the proper statutory notice would dedicate the work to the public domain and forfeit the copyright forever.[100]

The form of notice prescribed for sound recordings[101] is similar to the standard copyright notice, the principal difference being the substitution of the symbol "℗" for the symbol "©" in the notice. The more liberal spirit behind the proposed general copyright revision bill[102] is reflected in the provision regarding the "name of the copyright owner." In substitution for the name of the owner, it is acceptable to use "an abbreviation by which the name can be recognized, or a generally known alternative designation of the owner."[103] Since problems may arise regarding the legal sufficiency of certain abbreviations and alternative designations, however, the Copyright Office is advising claimants to obtain legal advice before employing anything other than the actual name of the copyright owner in the notice.[104]

The position requirement for the notice on copies of sound recordings also reflects the liberal philosophy of the proposed revision bill. The notice must be applied "on the surface of reproductions thereof or on the label or container in such manner and location as to give reasonable notice of the claim to copyright."[105] This "reasonable notice" standard is much more flexible than the position requirements for books, dramatic works and music.[106] Frequently, the notice on copies of sound recordings will appear on a label, either the center label on discs, or a label on the outside portion of a cartridge or cassette. The notice may also appear on the container housing an open-reel tape, cartridge, cassette or the jacket of a disc. The term

99. "Copyright," "Copr." or the copyright symbol, "©," accompanied by the name of the copyright owner and, usually, the year date of publication constitute the standard notice. 17 U.S.C. § 19 (1970).

100. National Comics Pub. v. Fawcett, 191 F.2d 594 (2d Cir. 1951); Atlantic Monthly Co. v. Post Pub. Co., 27 F.2d 556 (D. Mass. 1928).

101. 17 U.S.C.A. § 19 (Supp. 1972).

102. S. 644, 92d Cong., 1st Sess. § 402 (1971). The recent amendment adopted the language of the general revision bill regarding form and position of the notice.

103. 17 U.S.C.A. § 19 (Supp. 1972).

104. In a further liberalization, the statute does not specifically require that the name and the year date "accompany" the symbol. The three elements of the sound recording notice should appear together, however, so that the public is clearly informed that copyright is claimed in the sound recording. Such a requirement exists for the standard copyright notice. 17 U.S.C. § 19 (1970). Moreover, if no other name appears in conjunction with the notice, the record producer, if named on the label, is presumed to be the owner. 17 U.S.C.A. § 19 (Supp. 1972).

105. 17 U.S.C.A. § 20 (Supp. 1972).

106. For books and similar printed works, the notice shall appear "on the title page or the page immediately following;" for periodicals, the notice shall appear on the title page, under the title heading or on the first page of text; for music, the notice shall appear on the title page or the first page of music. 17 U.S.C. § 20 (1970).

"container" presumably does not include an outer mailing or packaging box, envelope or other wrapper intended for disposal once the sound recording is used.[107]

Copies, Reproductions and Publication

Under the rationale of *White-Smith Music Publishing Co. v. Apollo Co.*,[108] phonograph records have not been regarded as copies of the underlying work and could not be deposited in the Copyright Office. By a definitional amendment in section 26, the term "copy" as used in only certain specified sections of Title 17[109] includes "reproductions of sound recordings." The reference to "copy" in section 1(a)[110] is not subject to this altered definition. The omission was deliberate, since the intention was to override *Apollo* only to the extent necessary to graft the new sound recording right to the Act of 1909.[111] Thus, phonorecords may now be deposited to register a claim in a sound recording, but the Copyright Office, applying the *Apollo* doctrine, will not accept phonorecords as deposit copies for registration of other copyrightable works, including electronic music.[112] The *Apollo* doctrine had to be modified, at least to the limited extent indicated, because phonorecords are the only possible deposit copies for sound recordings.

Although the term "reproductions of sound recordings" was adopted in preference to "copies" to avoid further complicating the meaning of that innocuous but important word, no similar solution could be utilized to avoid the problems caused by the difficult concept of "publication."[113] Notwithstanding the importance of the concept

107. 37 C.F.R. § 202.2(b)(10) (1972). This regulation will be applied by the Copyright Office in considering sound recordings for registration. While any container might be disposed of by the purchaser, the theory is that the copyright claimant should not be denied protection if most purchasers would retain the container to store the work. If this is the normal expectation, the claimant has made a substantial effort to affix the notice in a "permanent" place of the work. Uneeda Doll Co., Inc. v. Goldfarb Novelty Co., Inc., 373 F.2d 851 (2d Cir. 1967).

108. 209 U.S. 1 (1908); *see* text accompanying notes 14, 15 *supra*.

109. 17 U.S.C. §§ 10, 11, 13, 14, 21, 26, 101, 106, 109, 215 (1970). The proposed general revision includes a statutory definition of the term "copies" and creates a new term, "phonorecords," which applies to the material objects in which sound recordings are fixed. S. 644, 92d Cong., 1st Sess. 101 (1971).

110. 17 U.S.C. § 1(a) (1970). The word "copy" appears in section 1(a) as part of the infinitive "to . . . copy" rather than as a noun. The new paragraph 1(f) accords the reproduction right without using the word "copy" in any form.

111. Act of March 4, 1909, ch. 320, 35 Stat. 1075. Any attempt to overturn *Apollo* completely would have doomed the amendment.

112. For a discussion of the deposit problems affecting avant garde music, see Keziah, *Copyright Registration for Aleatory and Indeterminate Musical Compositions*, 17 COP. SOC. BULL. 311 (1970).

113. Any attempt to incorporate a statutory definition of "publication" would have been impractical since it would have changed the simple sound recording bill into a complex piece of legislation. The proposed general revision includes a definition of publication, but it can do so because the bill recasts the entire copyright law and

in forming the dividing line between common law protection and statutory copyright, as well as the demarcation between federal and state competence in the literary property field, no copyright statute has ever defined publication. The definitional amendment does indicate, however, that the "date of publication" includes the date reproductions of sound recordings were first placed on sale, sold or publicly distributed.[114]

It was noted earlier that some common law copyright cases held that commercial dissemination of phonograph records was not regarded as "publication" of the sound recordings themselves since sound recordings were not protected by the copyright statute.[115] Thus, common law rights in sound recordings were theoretically preserved. This doctrine, if valid before 1972, will be inapplicable to sound recordings fixed on or after February 15, 1972. The federal legislation preempts the sound recording field, except that state competence over unpublished works is preserved. In view of the expense and technology associated with reproducing original sound recordings, it seems unlikely that many recordings will remain unpublished and thus qualify for state protection. It should no longer be possible to argue that commercial dissemination of a given number of reproductions of sound recordings does not constitute publication.

Writings of Authors

Copyright protects only the "writings of authors."[116] An appreciable amount of original authorship in the form of literary, musical, artistic, dramatic or sculptural expression must be present in a work to qualify it as such a "writing." By adding sound recordings in the amendment,[117] Congress has unmistakably recognized that sound recordings are copyrightable subject matter; but not every sound recording is a "writing." The Report accompanying the amendment states that the committee favored copyright protection against unau-

abolishes common law copyright for those works coming within its scope. Publication would be defined as "the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes publication." S. 644, 92d Cong., 1st Sess. § 101 (1971). For a thorough discussion of the preemptive effect of an identical proposed revision, see H.R. REP. No. 83, 90th Cong., 1st Sess. 96-100 (1967).

114. 17 U.S.C.A. § 26 (Supp. 1972).

115. *See* text accompanying notes 26-30 *supra.*

116. 17 U.S.C. § 4 (1970). *See also* Kaplan, *supra* note 12. For the phrase "writings of authors," the proposed general revision would substitute "original works of authorship." This new phrase, a departure from the constitutional phrase, is intended to signify that Congress has not exhausted the scope of the copyright clause. Subject matter protection would be broadened to include choreography. The standard of originality established by the courts under the present statute would not be changed. H.R REP. No. 83, *supra* note 113, at 13-15.

117. 17 U.S.C.A. § 5(n) (Supp. 1972).

thorized duplication except in cases where the "sounds are fixed by some purely mechanical means without originality of any kind."[118]

The more difficult problem is ascertaining the "authors" of sound recordings. The Report notes that the bill does not fix the authorship or the resulting ownership of the copyright in sound recordings. These matters will be settled outside the statute on the basis of employment relationships[119] or by bargaining among the parties to determine who shall hold the copyright as between the performers and record producers.[120] The Report acknowledges the importance of the contributions of both groups.

> The copyrightable elements in a sound recording will usually, though not always, involve authorship both on the part of the performers whose performance is captured and on the part of the record producer responsible for setting up the recording session, capturing and electronically processing the sounds, and compiling and editing them to make the final sound recording. There may be cases where the record producer's contribution is so minimal that the performance is the only copyrightable element in the work, and there may be cases . . . where only the record producer's contribution is copyrightable.[121]

Although the limited copyright conferred by the new law does not expressly include the so-called "performers' right,"[122] it should be understood that the contribution of the performer in the ordinary sound recording frequently represents the principal copyrightable authorship. Whether instrumental or vocal, the performance reflects an interpretation of the underlying musical work, and generally constitutes an appreciable amount of creative artistic expression which is capable of copyright protection. As a rule, each performance by an artist is unique, however "artistic" or "inartistic" the performance. Judge Hand has aptly described the authorship of musical performing artists:

> Musical notes are composed of a fundamental note with harmonics and overtones which do not appear on the score. There may in-

118. H.R. REP. No. 487, *supra* note 94, at 5.

119. 17 U.S.C. § 26 (1970), provides that the term "author" includes "an employer in the case of works made for hire." Therefore, if the work is made completely for hire, the employer is regarded as the sole author. The theory is that since the employer gives overall direction, controls the final result and funds the creation he should enjoy the fruits of his enterprise. Assuming that the employer is the proprietor at the time of renewal, he may renew the copyright for the second term. In the case of motion pictures and sound recordings, the claim of the employer gains added strength because of the multiplicity of persons normally required to create the work.

120. H.R. REP. No. 487, *supra* note 94, at 5.

121. *Id.*

122. This is the right of a performer to recover for the unauthorized use of his recorded performance, and must be distinguished from the "performing right" which attaches to the underlying literary, dramatic or musical work. *See, e.g.*, 17 U.S.C. §§ 1(c), (d), (e) (1970).

> deed be instruments . . . which do not allow any latitude, though I doubt even that; but in the vast number of renditions, the performer has a wide choice, depending upon his gifts, and this makes his rendition pro tanto quite as original a composition as an arrangement or adaptation of the score itself, which [Sec.] 1(b) makes copyrightable. Now that it has become possible to capture these contributions of the individual performer upon a physical object that can be made to reproduce them, there should be no doubt that this is within the Copyright Clause of the Constitution.[123]

The committee's remarks[124] are somewhat more favorable than existing case law[125] regarding the copyrightability of the record producer's contribution. The case law concerns only common law copyright since no federal right existed previously. Moreover, the committee's comments were made with reference to the constitutionality of copyright for sound recordings under the copyright clause which binds Congress in enacting sound recording legislation.

Accurately evaluating the record producer's contribution to the sound recording requires both setting aside the relationship between the performer and the producer, and stressing the improvements in technology which have increased the ability of sound engineers to affect the quality of the sound captured. The issue is then whether the skill and efforts exercised by the sound engineers and similar employees represent authorship within the meaning of the copyright law. A typical sound recording begins when the producer selects the work to be recorded and the artists or instrumentalities to be used. The technical equipment is then positioned to achieve the desired sounds, and one or more performances are captured on tape during the recording session. The tapes are processed and edited to refine the sounds for desired effects until a master recording is finally produced in tape or disc form. The sound engineers can affect the quality, clarity and nature of the sounds captured to a marked degree during both the recording and playback-editing sessions.[126] Thus, where the sounds captured are non-human, such as birdcalls, machine noise and other sounds produced by nature or inanimate objects, the record producer

123. Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657, 664 (1955) (Hand, J., dissenting).

124. H.R. REP. No. 487, *supra* note 94, at 5.

125. *See* RCA Mfg. Co. v. Whiteman, 114 F.2d 86 (2d Cir. 1940), *discussed in* note 32 *supra*.

126. The ability to affect the nature and quality of the sounds is also dependent upon the sophistication of the equipment employed. In eight and 16 channel recording, highly directional microphones are positioned so that the sounds produced by different musicians are isolated on separate channels. During the editing process, the engineers then manipulate the separate sound components to produce the desired balance. Many sound recordings will be produced with rudimentary recording equipment, on the other hand, and these will present special challenges in determining the record producer's authorship.

is the sole possible author of the work. In the case of renditions by human performers, the record producer may be the sole author or may be co-author with the performer, depending upon the contract between the parties.

Since there are questions regarding the scope of the right to claim copyright based on "authorship" other than that derived from the contribution of the performer, the record producer's claim to status as an author under the copyright law will require judicial delineation. Although in most cases the record producer will contribute substantial copyrightable authorship to a sound recording, in the opinion of this writer the artistic rendition of music by performing artists constitutes the primary copyrightable authorship.

AMENDMENT TO THE COMPULSORY LICENSE DAMAGE PROVISION

Public Law 92-140[127] was enacted to effect two general changes in the copyright law, the first creating the limited copyright in sound recordings. The second general purpose of the new law was to amend the compulsory license damage provision[128] so that unauthorized use of copyrighted musical works in recordings would be subject to all the remedial provisions of Title 17. This amendment was effective October 15, 1971, the date of the enactment of the law. Unlike the sound recording copyright provisions, it carries no terminal date.

Before the amendment, the prevailing view[129] was that any person, including an avowed disc or tape pirate, could avoid liability for use of the recorded musical composition by complying with the compulsory license provisions. Even in case of failure to comply, the musical copyright proprietor's remedies were limited to an injunction and the statutory 2 cent per record royalty. If the alleged infringer failed to file a notice of intention to use, the copyright proprietor could also recover three times the amount of the statutory royalty and obtain a temporary injunction until the entire award was paid.[130] Thus, the proprietor had to bring suit to receive the 2 cent royalty to which he was already entitled, and he could not hope to obtain further monetary relief if the notice of intention to use had been filed. No criminal action could be brought.[131]

127. Act of Oct. 15, 1971, Pub. L. 92-140, 85 Stat. 391.
128. 17 U.S.C. § 101(e) (1970).
129. NIMMER, *supra* note 10, at 430-31. Jondora Music Pub. Co. v. Melody Recordings, Inc., 176 U.S.P.Q. 110 (D.N.J. 1972). *But see* Duchess Music Corp. v. Rosner, 458 F.2d 1305 (9th Cir.), *cert. denied*, 93 S.Ct. 52 (1972), *rev'g* Duchess Music Corp. v. Stern, 331 F. Supp. 127 (D. Ariz. 1971).
130. 17 U.S.C. § 101(e) (1970). If the proprietor had not licensed or made a recording of the musical composition, he retained exclusive rights to the composition and was entitled to all the remedies accorded other works.
131. Section 104 provided that, in all cases except mechanical recordings covered

Under the amendment, all of the remedial provisions of the Copyright Code are accorded to the proprietor of a musical copyright for the unauthorized use of the composition to produce sound recordings. The proprietor may recover actual damages and the profits of the infringer, or he may receive statutory damages, generally a minimum of $250 and a maximum of $5,000.[132] In addition, criminal actions may be brought in case of willful infringement for profit.[133]

CONCLUSION

Sound recordings wield tremendous influence in our cultural life —from popular rock and folk tunes to classical music, from recordings of "Laugh-In" comics to Shakespearian plays. In one form or another, recordings have been an important medium of entertainment for more than 60 years. Yet it was only with the enactment of the recent amendment to the Copyright Code that sound recordings were brought within the protective sphere of copyright law, the purposes of which are to reward the creator for his efforts and to foster the creation of artistic and intellectual works for the benefit of society.

The new provisionary law, with certain exceptions, protects against the unauthorized duplication of the exact sounds fixed in copyrighted sound recordings. Tape pirates may no longer produce duplicates by merely complying with the compulsory license provisions for the underlying composition. They must also secure a license from the proprietor of the sound recording, and the failure to obtain either license will subject them to the full civil and criminal sanctions of the Copyright Code.

The amendment preempts the sound recording field only with respect to recordings fixed and published on or after February 15, 1972, however. Previously fixed recordings and unpublished works are left to conflicting state law remedies. Before *Sears* and *Compco*, some states accorded protection to sound recordings either under common law copyright or under the misappropriation doctrine of unfair competition. In those cases, the Supreme Court announced a

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by 17 U.S.C. § 101(e) (1970), willful infringement of a copyright for any proscribed purpose could result in a misdemeanor conviction with penalties of one year in prison or a fine of not more than $1,000, or both. 17 U.S.C. § 104 (1970).

132. *Id.* § 101(b).

133. *Id.* § 104. The criminal provision has been rarely invoked in the past, with Groucho Marx one of the few persons ever convicted. Marx v. United States, 96 F.2d 204 (9th Cir. 1938). The mere presence of the criminal provision presumably has a deterrent effect, although the availability of statutory damages greatly diminishes the number of complaints that might otherwise be brought to the attention of prosecuting authorities. A different situation might develop in the case of sound recordings since the recording industry may utilize the criminal provision to attempt to destroy the profitable record and tape piracy business.

broad, preemptive federal policy favoring copying of matter unprotected by the federal patent or copyright statutes. The broad implications of these decisions have been implemented in some areas touching patents and copyright, but several factors have contributed to non-application of the policy in the case of disc and tape piracy.

The fate of sound recordings fixed before February 15, 1972, is now before the Supreme Court in *Goldstein v. California.* Hazardous as it is to predict Supreme Court decisions, it is likely that the Court will find the California anti-piracy statute is unconstitutional under the supremacy clause. If the Court does speak to the issue of civil remedies, it is believed that it should modify *Sears* and *Compco* to permit state protection of sound recordings fixed before the effective date of the recent amendment through civil remedies limited in time, but that the "copying-appropriation" rationale should be rejected as the basis for state protection.