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Fights Over Pre-1972 Songs Show Need For Federal Fix

By **Bill Donahue**

Law360, New York (September 17, 2013, 9:48 PM ET) -- Recent battles over copyright protections for pre-1972 sound recordings — including the rash of cases against satellite radio giant Sirius XM — highlight the legal uncertainty surrounding songs governed by state laws. The time might be right for Congress to bring the golden oldies under federal law.

The states, rather than the federal government, have copyright jurisdiction for songs recorded before 1972, which has created a legal patchwork that the U.S. Copyright Office has already pushed to end. The **huge class actions** pending over thousands of songs and millions in royalties across multiple jurisdictions might be just the spark it needs.

"Treating [songs under] two separate regimes based on the year of their creation ... is unwieldy, inefficient, uneconomic, and ultimately does a disservice to everyone involved in the chain," said Kevin Parks, a member at Leydig Voit & Mayer.

"We need to harmonize these issues," Parks added.

Last month, when members of 1960s rock band The Turtles lodged class actions in California, New York and Florida over Sirius' alleged failure to pay royalties on their songs, they weren't suing for federal copyright infringement.

And when Capitol Records LLC, Sony Music Entertainment, UMG Recordings Inc. and Warner Music Group Corp. **did much the same last week**, they were not suing under the Copyright Act, either.

That's because until 1972, U.S. copyright law afforded no protection to sound recordings, granting exclusive control to the authors of the underlying composition. When Congress changed the law, it didn't make it retroactive — meaning songs recorded before Feb. 15, 1972, don't qualify for federal copyrights like those pressed afterward.

Certain states, however, have passed statutes and created systems of common law that give recording artists exclusive ownership of their work in lieu of formal federal protection. The Supreme Court ruled in 1973 that these kind of legal schemes aren't preempted by Washington's generally unquestioned authority over copyright.

But the possibility of doing away with the resulting patchwork system has already been raised in Washington. In December 2011, the Copyright Office issued a report calling for pre-1972 recording copyrights to be fully federalized.

"We believe that bringing pre-1972 sound recordings into the federal copyright system

serves the interests of consistency and certainty," the office said at the time.

Responding to criticism from record companies that such a move would "cast a cloud" over existing state-law rights, the office said the federal copyright would be be granted immediately to the owner of the old state copyright.

According to Mark Mizrahi, a copyright litigation partner at Wolf Rifkin Shapiro Schulman & Rabkin LLP, the benefits of such a move would far outweigh any downside.

"Having a centralized handling will benefit both the copyright owners and the users, as it will be more predictable and would avoid the need to have multiple lawsuits pending in multiple states," Mizrahi said.

Under the current system, laws vary from state to state, and it's not always clear how they stack up with their federal counterparts.

For instance, federal law has never recognized a general right of artists to control performances of their recorded music, instead granting more limited rights to control reproduction and distribution. Congress established such a right for digital music, like Sirius and online streaming services, but only in the 1990s.

State laws can be ambiguous on the issue. California's state statute isn't totally clear on whether it grants artists the general performance right that federal law has denied them, let alone whether a state law passed in the early 1980s preemptively adopted the statutory distinctions for digital performances that Congress years later embraced.

According to their lawsuit, the record companies believe it does — but some lawyers are skeptical.

"It's a bit of a stretch to claim that there is a performance right on a state level, because there never has been in the U.S. until that limited [digital] performance right was created," said David D. Oxenford, a partner at Wilkinson Barker Knauer LLP. "It's contrary to the way things have been done in the U.S. forever."

At the very least, the legal waters are uncharted.

"These recording owners now are asserting the [digital performance] right under a state law," Leydig's Parks said. "That's virtually untested."

Uncertainty surrounding state governance of old copyrights isn't limited to the performance rights issues on display in the Sirius suits. In New York, a separate question has cropped up: Does the Digital Millennium Copyright Act's safe harbor provision protecting online distributors from copyright claims still apply if the third-party content at issue infringes a pre-1972 copyright?

In a case filed by UMG Recordings against online streaming service Grooveshark, a **New York appellate court** said in April that the answer was no. The court ruled that state and federal laws don't mix, meaning the DMCA couldn't provide immunity when infringement claims dealt with illegal copying of pre-1972 songs.

The ruling, however, ran directly contrary **to an earlier one by a New York federal judge** that found the safe harbor protected online music storage service MP3tunes LLC from state-law copyright claims. The judge in that case found that Congress had intended the DMCA to provide websites copyright immunity, regardless of whether claims were rooted in state or federal law.

Of course, the process of federalizing would likely be filled with countless headaches, like

sorting out the logistics of creating retroactive property rights and exclusions for songs released decades in the past. And getting any legislation through Capitol Hill is hardly an easy task these days.

Donald S. Zakarin, the chair of Pryor Cashman LLP's litigation practice, said he doubted the likelihood of federal overhaul and didn't see any reason why it was really necessary. He said suits like the ones against Sirius would expand common law to provide a digital performing right for pre-1972 recordings — just like the one afforded to post-1972 recording under federal law.

"Common law expands to protect the rights that are recognized as having value. It's not static. It expands to address contemporary issues," Zakarin said. "Why shouldn't the state common law copyright or laws of misappropriation cover a [performing] right that is recognized as incredibly valuable?"

No matter what happens with pre-1972 recordings, their strange relationship with the rest of the copyright system has taken center stage for now.

"It's been festering for a while, and I've been waiting for it blow wide open," Leydig's Parks said. "Now it has."

--Editing by Kat Laskowski and Chris Yates.