

The Uncertain Landscape of Public Performance Rights in Pre-1972 Sound Recordings

By Jeremy Cain

I. Introduction

A series of recent cases and proposed federal legislation underscores the complexity of the copyright law as it applies to sound recordings, in particular whether state law confers upon copyright owners public performance rights in pre-1972 sound recordings even though federal law does not (yet) do so. Although music compositions have long been copyrightable, federal copyright protection for sound recordings did not go into effect until 1972. The Sound Recording Amendment of 1971 provided the first federal copyright protection for sound recordings, but that protection was limited to recordings created after February 15, 1972, and it did not include public performance rights.¹ At the time the Sound Recording Amendment of 1971 was passed, the record industry was willing to forgo public performance rights in sound recordings because radio airplay provided the significant benefit of promoting record sales, then the predominant source of revenue for the recording industry.²

Federal copyright law explicitly excluded public performance rights in sound recordings until 1995, when the Digital Performance Right in Sound Records Act (DPRA) was enacted. Even then, the DPRA only extended public performance rights to digital audio transmissions and not to radio or other traditional media.

However, the analysis does not end with federal law. The U.S. Supreme Court has held that states can regulate—by statute or common law—areas of copyright not covered by federal statute, including recordings of musical performances fixed prior to 1972.³ Indeed, several states have recognized certain copyright and quasi-copyright rights in sound recordings. And the 1976 Copyright Act provides expressly that state law may govern pre-1972 sound recordings until 2067, at which time federal preemption will begin to apply, and pre-1972 sound recordings will enter the public domain.⁴

With Congress having permitted state law to govern copyright protection (or not) of pre-1972 sound recordings, courts are wrestling with determining the extent to which the copyright common law of certain states protects pre-1972 sound recordings and, if it does, whether that law recognizes exclusive public performance rights in such recordings. Until these issues are resolved, the law imposes peculiar results for legacy artists. For example, under current federal law governing sound recordings, the Beach Boys' "Kokomo" has performance rights, but "Pet Sounds" does not; there are no performance rights for any of the Beatles' original recordings, but Paul McCartney's "Band on the Run" is protected; the

Rolling Stones' discography through "Sticky Fingers" has no performance rights, but "Exile on Main St." and later recordings do; and Marvin Gaye's recordings through "What's Going On" likewise lack performance rights.

II. Do Performance Rights Exist in Pre-1972 Sound Recordings?

Beginning in 2013, Flo & Eddie, members of the 1960s band the Turtles, filed a series of lawsuits against digital broadcasters, including Sirius XM Radio and Pandora Media, in federal courts in New York, California, and Florida alleging copyright infringement for the unauthorized public performance of pre-1972 sound recordings. Other rightsholders filed similar lawsuits. Because these lawsuits were premised on the state copyright protection of different states, it is unsurprising that these cases have had different outcomes.

A. New York

In August 2013, Flo & Eddie filed a lawsuit in the Southern District of New York, alleging that Sirius XM committed common law copyright infringement and engaged in unfair competition by publicly performing sound recordings owned by Flo & Eddie and by reproducing those recordings to facilitate its performances.⁵

The district court denied Sirius XM's motion for summary judgment, holding, among other things, that holders of New York common-law copyrights in pre-1972 sound recordings have an exclusive right to publicly perform those works; that Sirius XM's use of Flo & Eddie's sound recordings was not a fair use; and that Flo & Eddie satisfied the competitive injury requirement for an unfair competition claim based on a theory of misappropriation.⁶ The district court also indicated that it intended to grant the plaintiff summary judgment on liability.⁷ However, the court certified an interlocutory appeal to the Second Circuit.

The Second Circuit found that the appeal implicated state law issues of first impression and certified the following question to the New York Court of Appeals: "Is there a right of public performance for creators of sound recordings under New York law and, if so, what is the nature and scope of that right?"⁸ The New York Court of Appeals answered the certified question in the negative, finding that New York common-law copyright does not recognize a public performance right in sound recordings.⁹

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The Court of Appeals, in an opinion by Judge Leslie E. Stein, traced over 100 years of history of federal copyright protection for sound recordings and New York common-law copyright and noted that, if New York common law “includes a right to control public performances of pre-1972 copyrighted sound recordings . . . the copyright holders have gone decades without acting to enforce that right.”¹⁰

The Court discussed several prior cases, including the Second Circuit’s 1950 decision in *Metro. Opera Ass’n v. Wagner-Nichols Recorder Corp.*, in which the court held that an artist or creator of a performance can, under New York common law, prevent the unauthorized exploitation of a performance by making a surreptitious recording of it, reproducing that recording, and selling copies of it.¹¹ However, the Court of Appeals concluded that the *Metropolitan Opera* decision was “essentially limited to an anti-piracy determination.”

The Court also examined its previous decision in *Capitol Records, Inc. v Naxos of America, Inc.*¹², in which it held that New York common-law copyright applied to pre-1972 sound recordings. The Court noted that *Naxos* had defined the elements of a cause of action alleging New York common-law copyright infringement to include “(1) the existence of a valid copyright; and (2) unauthorized reproduction of the work protected by copyright” but “did not . . . discuss public performance at all.”¹³ The court further explained:

Naxos does not resolve the question presently before us. That, too, was an anti-piracy case; it reiterated that New York’s common-law copyright protection would prevent the unauthorized copying and sale of records. However, *Naxos* did not address the right of public performance. Thus, our conclusion in *Naxos* that pre-1972 sound recordings are subject to some New York common-law copyright protection does not define the scope of that protection or stand for the proposition that there is a single aspect to that protection, as opposed to separate and distinct aspects of reproduction and performance.¹⁴

Although not dispositive in its analysis of the scope of common-law copyright protection, the Court also considered “societal expectations,” congressional testimony of recording industry representatives, and statements by multiple Registers of Copyrights.¹⁵ The Court reasoned that it would be illogical to conclude that a common-law public performance right existed for decades without the courts recognizing such a right and without any artist or record company previously attempting to enforce that right.¹⁶ While the Court acknowledged that parties do not lose their rights merely by failing to enforce them, the fact that holders of rights to sound recordings “took no

action whatsoever to assert common-law protection” for over forty years supported the conclusion that the copyright holders themselves did not believe such common-law right existed.¹⁷

Ultimately, the Court concluded that New York’s common-law copyright “has never recognized a right of public performance for pre-1972 sound recordings,” and it declined to create such a right given the far-reaching consequences of such a ruling.¹⁸

In a concurring opinion, Judge Fahey suggested that while New York does not recognize a common-law public performance right for sound recordings, the on-demand transmission of a sound recording specifically selected by a listener does not constitute a “public performance.”¹⁹ In Judge Fahey’s view—which does not appear to have been adopted by other courts—the renting or leasing of a recording through an on-demand service substitutes for the purchase of that recording and constitutes publication of the recording.²⁰

Following the Court of Appeals’ ruling in December 2016, the Second Circuit remanded the case to the district court with instructions to dismiss the case in accordance with the decision by the New York Court of Appeals.²¹

B. California

Flo & Eddie brought a similar class action suit against Sirius XM in the Central District of California in 2013, likewise alleging that Sirius XM had infringed upon their exclusive public performance and reproduction rights in the Turtles’ pre-1972 sound recordings. In September 2014, the court granted Flo & Eddie’s motion for summary judgment on all causes of action premised on Sirius XM’s public performance of Flo & Eddie’s recordings, but it denied summary judgment on Flo & Eddie’s claims alleging unlawful reproduction of the recordings.

Unlike the New York case, which was based on common-law copyright, the California case hinged on the interpretation of California Civil Code § 980(a)(2). The statute, in relevant part, states that “[t]he author of an original work of authorship consisting of a sound recording initially fixed prior to February 15, 1972, has an exclusive ownership therein until February 15, 2047.” The only statutory exception to the author’s exclusive ownership permits the “independent fixation of other sounds” to recreate the original sound recording, i.e., the recording of a cover song.²²

Looking to other property ownership statutes in the California Civil Code for guidance, the court defined “exclusive ownership” as the right “to possess and use a thing to the exclusion of others.” The court construed the “exclusive ownership” provision with the exception for cover songs to mean—surprisingly broadly—that the ownership of a sound recording in California includes “all rights that can attach to intellectual property, save

the singular, expressly-stated exception” for making covers of a recording. Accordingly, the court held that Flo & Eddie had the right to exclude Sirius XM and others from “using” the sound recordings they owned, including for any public performances of such recordings.

C. California (Reprise)

Flo & Eddie also brought a similar action against Pandora Media in the Central District of California. In response, Pandora filed a motion to strike under California’s statute against “strategic litigation against public participation,” or SLAPP, arguing that section 980(a)(2) does not apply to the Turtles’ recordings because they entered the public domain upon publication. The district court denied the motion, but in March 2017, the Ninth Circuit—recognizing the absence of controlling precedent—certified questions to the California Supreme Court regarding (i) whether section 980(a)(2) affords an exclusive public performance right to owners of pre-1972 sound recordings that were sold to the public before 1982, and (ii) if not, whether California common law otherwise grants copyright owners of pre-1972 sound recordings an exclusive public performance right.²³ In May 2017, the California Supreme Court agreed to hear the case.

The California Supreme Court has not yet heard the case or issued its opinion, so it remains unclear whether California’s high court will find the state’s law to be in harmony with that of other states (New York, Florida) whose laws have been held not to provide public performance rights in pre-1972 sound recordings.²⁴

Whatever the California Supreme Court decides, the courts of the vast majority of states have not considered whether their laws recognize public performance rights in pre-1972 sound recordings. The most effective path forward on this issue instead of piecemeal litigation would be uniform treatment of pre-1972 sound recording under the Copyright Act. Absent federal legislation, it will be difficult for broadcasters with nationwide reach to ascertain with any certainty the litigation risks for publicly performing pre-1972 sound recordings.

III. Are Remastered Recordings Still Pre-1972 Sound Recordings?

One recent case raised the question of what, exactly, is a pre-1972 sound recording—specifically, whether a remastered recording is a new work protectable under the Copyright Act. In *ABS Entertainment, Inc. v. CBS*, the plaintiffs, owners of sound recordings by artists including Al Green, the Everly Brothers, and the Chi-Lites, among others, filed a putative class action against CBS Corporation and CBS Radio Inc. alleging infringement of California state law copyrights by CBS’s public performance, either through terrestrial radio broadcasts or digital internet streams, of the plaintiffs’ pre-1972 sound recordings.²⁵

The plaintiffs’ pre-1972 sound recordings, originally recorded in an analog format, had been digitally mastered, and sometimes remastered, in a way that altered characteristics of the recordings, including their timbre, spatial imagery, sound balance, and loudness range.²⁶ The plaintiffs also had entered into license agreements that allowed for the reproduction, remastering, and new distribution of the plaintiffs’ works, including as part of compilation albums with other sound recordings.²⁷

CBS moved for summary judgment, contending that it had only publicly performed post-1972 remastered versions of the plaintiffs’ works and that those remastered recordings were derivative works governed by federal copyright law.²⁸ Because there was no record evidence that CBS had publicly performed any of the original pre-1972 recordings, CBS argued, the case was not controlled by *Flo & Eddie v. Sirius XM*.

CBS submitted testimony by multiple experts, including one of the sound engineers who had personally remastered many of the recordings at issue. CBS’s experts testified that “the remastering process involves subjectivity, originality, and ultimately produces works of art” and that, in this case, the remastering process “made significant and noticeable alterations and modifications to the acoustic properties of the recordings.”²⁹

The plaintiffs argued that “to the extent that CBS publicly performed remastered copies of their pre-1972 sound recordings, the remastered copies were simply digital conversions optimized for the digital formats using only mechanical processing.”³⁰ The court excluded the testimony of one of Plaintiffs’ experts, however, ruling that conclusions based on unscientific “critical listening” were unreliable and irrelevant.³¹ The court also noted that the plaintiffs admitted in their depositions that a sound engineer’s choices made during the remastering process are creative and subjective and that the mixing engineer has “a lot of latitude at that point in the production process.”³²

The court concluded that the plaintiffs’ pre-1972 sound recordings had undergone sufficient changes during the remastering process to qualify for federal copyright protection as derivative works.³³ The differences in the recordings, the court found, were not merely “mechanical changes or processes,” nor were they “trivial.”³⁴ Instead, they reflected “multiple kinds of creative authorship, such as adjustments of equalization, sound editing, and channel assignment,” and the CBS version of one recording “had additional reverberation, was played in a different musical key and at a faster tempo, and differed in the musical performance.”³⁵

The court rejected the plaintiffs’ argument that “any changes during the remastering process are not independent and original expression entitled to protection” because “removing Plaintiffs’ original sound recording from the remastered copy would leave nothing to perceive.”³⁶

The court explained that if this were correct, *no* remixed derivative sound recordings would be entitled to copyright protection.

Having found that CBS's remastered recordings were derivative works that satisfied the low bar for originality under the Copyright Act and that the plaintiffs had failed to demonstrate a genuine issue of material fact as to the originality of the remastered recordings, the court granted summary judgment to CBS.³⁷ After judgment was entered, ABS appealed. The Ninth Circuit heard oral argument in November 2017 but has not yet issued a ruling.

IV. Proposed Legislation

Congress has taken steps to address the pre-1972 issue. In July 2017, Jerrold Nadler (D-NY) and Darrell Issa (R-CA), Ranking Member and Chairman, respectively, of the House Judiciary Subcommittee for Courts, Intellectual Property and the Internet, introduced the CLASSICS (Compensating Legacy Artists for Their Songs, Service, & Important Contributions to Society) Act, H.R. 3001, to address the uncertainty surrounding the scope of copyright protection for pre-1972 sound recordings. In February 2018, senators from both parties introduced the counterpart CLASSICS Act in the Senate.

Both versions of the bill would require digital music services to pay for digital audio transmissions of pre-1972 sound recordings in the same manner they currently pay to use sound recordings created after 1972. SoundExchange would distribute royalties for digital audio transmissions of pre-1972 sound recordings in the same manner it collects royalties for post-1972 sound recordings. The law would not apply to traditional radio broadcasts. The Act would also allow digital music services to settle disputes with owners of copyrights in pre-1972 sound recordings by paying royalties at the current statutory rate for all public performances of pre-1972 sound recordings from the three years prior to the enactment of the bill. As long as transmitting parties comply with that provision, the bill would preempt state and common law copyright claims for digital audio transmissions and reproductions of pre-1972 sound recordings made before the effective date of the law. However, there are a few potential issues worth noting.

First, digital music services might find limited value in paying royalties for all of their performances of pre-1972 sound recordings from the past three years to settle or preempt state law copyright claims. The California Supreme Court has not yet ruled on whether California state law recognizes public performance rights in sound recordings, and all other states that have considered the issue have ruled that their state's laws do *not* recognize such rights. In addition, this provision would not pre-

empt claims based on the public performance of pre-1972 sound recordings via terrestrial radio and thus would not apply to the dispute between ABS Entertainment and CBS over CBS's performance of ABS's sound recordings through terrestrial radio broadcasts.

Second, whereas the Sound Recording Amendment of 1971 did not apply retroactively to sound recordings already in existence at the time of enactment, the CLASSICS Act would provide a federal public performance right for recordings otherwise governed by state law. The Act provides, in relevant part:

Anyone who, prior to February 15, 2067, performs publicly by means of digital audio transmission a sound recording fixed before February 15, 1972, without the consent of the rights owner, shall be subject to the remedies provided in sections 502 through 505 to the same extent as an infringer of copyright.³⁸

Even applying the presumption against retroactive enforcement in interpreting the statute,³⁹ the language of the proposed bill is unclear as to whether rightsholders in pre-1972 recordings would be required to register their works before seeking remedies for copyright infringement codified in sections 502 through 505 of the Copyright Act.

Despite these potential issues, the CLASSICS Act has garnered bipartisan support. While some digital music services have opposed the bill, Pandora has supported it.⁴⁰ Although the economic impact of the bill is still being assessed, SoundExchange estimates that royalties for pre-1972 sound recordings could generate at least \$60 million in annual payments to artists and record labels.⁴¹ However, there are indications that several digital music services—which often are unable to determine which versions of certain recordings constitute pre-1972 works—might already be paying to publicly perform some pre-1972 works that are not yet protected under federal law.

V. Conclusion

It remains to be seen, as this goes to press, whether the CLASSICS Act will become law or if it will be consolidated with other proposed copyright reform bills, such as the Music Modernization Act, a proposal to reform the collection of mechanical royalties, or the Allocation for Music Producers Act, which would amend federal law to increase royalty payments to producers and sound engineers. However, with the California Supreme Court slated to rule in the *Flo & Eddie v. Sirius XM*, the Ninth Circuit expected to rule in *ABS Entertainment v. CBS*, and the CLASSICS Act pending in both chambers of Congress, important further developments in the law governing the copyrights in pre-1972 sound recordings are imminent.

Endnotes

1. See Pub. L. 92-140, 85 U.S. Stat. 391 (1971).
2. See Steve Gordon & Anjana Puri, *The Current State of Pre-1972 Sound Recordings: Recent Federal Court Decisions in California and New York Against Sirius XM Have Broader Implications Than Just Whether Satellite and Internet Radio Stations Must Pay for Pre-1972 Sound Recordings*, 4 NYU J. Intell. Prop. & Ent. L. 336, 340-42 (2015).
3. See *Goldstein v. California*, 412 U.S. 546, 570-71 (1973) (upholding California anti-piracy statute applied to pre-1972 sound recordings).
4. See 17 U.S.C. § 301(c).
5. *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 62 F. Supp. 3d 325, 330 (S.D.N.Y. 2014), *rev'd*, 849 F.3d 14 (2d Cir. 2017).
6. *Id.* at 344-49.
7. See *id.* at 353.
8. *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 28 N.Y.3d 583, 589 (2016).
9. *Id.*
10. *Id.* at 594.
11. 199 Misc. 786 (Sup. Ct. N.Y. 1950), *aff'd*, 279 A.D. 632 (1st Dep't 1951).
12. 4 N.Y.3d 540, 563 (2005).
13. *Flo & Eddie*, 28 N.Y.3d at 602 (emphasis in original).
14. *Id.*
15. *Id.* at 603.
16. *Id.* at 605.
17. *Id.*
18. *Id.* at 605-06.
19. *Id.* at 612.
20. See *id.*
21. The Second Circuit dismissed Flo & Eddie's claims that Sirius XM made unauthorized copies of the recordings, finding that the New York Court of Appeals' answer to the certified question was determinative of the other claims, including whether the alleged copying was fair use.
22. *Flo & Eddie Inc. v. Sirius XM Radio Inc.*, No. CV 13-5693 PSG (RZX), 2014 WL 4725382, at *4 (C.D. Cal. Sept. 22, 2014).
23. *Flo & Eddie, Inc. v. Pandora Media, Inc.*, 851 F.3d 950, 951 (9th Cir. 2017).
24. See *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 28 N.Y.3d 583 (2016); *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 229 So. 3d 305, 315-16 (Fla. 2017) (Supreme Court of Florida concluding that Florida common law does not recognize an exclusive right of public performance in pre-1972 sound recordings).
25. *ABS Entm't, Inc. v. CBS Corp.*, No. CV 15-6257-PA (AGRX), 2016 WL 4259846 (C.D. Cal. May 30, 2016).
26. *Id.* at *4.
27. *Id.* at *2.
28. *Id.* at *3.
29. *Id.* at *5-6.
30. *Id.* at *7.
31. *Id.* at *7-8.
32. *Id.*
33. *Id.* at *9.
34. *Id.*
35. *Id.*
36. *Id.* at *10.
37. *Id.* at *14.
38. CLASSICS Act of 2018, 115 S. 2393, 115th Cong. § 1401(a) (2018).
39. See *Landgraf v. USI Film Prod.*, 511 U.S. 244, 289 (1994).
40. <https://www.soundexchange.com/news/joint-statement-pandora-riaa-soundexchange-join-together-applaud-introduction-pre-72-bill/>.
41. <https://www.soundexchange.com/advocacy/pre-1972-copyright/>.

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