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Intellectual Property

Old Songs, New Technologies: Digital Rights for Pre-1972 Recordings

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Copyright questions are rarely easy. Even the simple questions don't always have straightforward answers: What kinds of works are protected? What does it mean to be protected? Under current federal copyright law, both of those fundamental questions have enormously complex answers.

Although copyright evolved through the English common law and was adapted by into state common law in the United States, it is now primarily governed by federal statutes. As a practical matter, only those categories of works covered by the federal statute (listed in §102(a) of the Copyright Act) are protected. "Protection" gives the owner of the copyright certain specific, exclusive rights (subject to statutory exceptions), which the owner can prevent others from exercising without permission. But just to keep things interesting, even those exclusive rights vary depending on what kind of work is at issue, and even when the work was made.

One of the most complex of these rights is the right of "public performance," currently enshrined in §§106(4) and 106(6) of the Copyright Act. For certain works—such as plays, musical compositions and movies—the idea of a public performance is fairly straightforward. It means putting on the play, playing the piece or showing the movie to the public. The law gives the copyright holder the exclusive right to control that use. But difficulty arises with respect to "sound recordings," a relative newcomer to copyright protection. Under current federal law, the right to "public performance" of a sound recording is very restricted. It is essentially limited to transmitting the recording over a subscription digital radio or streaming service. And although that limited right is very important in the Internet age, its scope is further narrowed to apply only to recordings made after Feb. 15, 1972.

The question of the treatment of *earlier* recordings was recently examined in great depth by the New York Court of Appeals (at the request of the Second Circuit) in an opinion that examines and provides an excellent overview of this complicated area.

Sound Recordings and the Right of Public Performance

The Court of Appeals opinion in *Flo & Eddie v. Sirius XM Radio*[1] is the culmination of a series of lawsuits brought by the creators of some well-known and influential pre-1972 recordings. In August 2013, Flo & Eddie, the owners of the master recordings made by 1960s rock group The Turtles (think "Happy Together"), initiated several lawsuits in federal district courts throughout the country. In each case, they sued Sirius XM Radio for broadcasting songs by The Turtles over its satellite radio network and streaming them over the Internet. Sirius admitted that it played the songs, and that it had never

obtained any licenses or paid any royalties for doing so. In the New York case (examined here), Flo & Eddie asserted two class-action claims for common-law copyright infringement and unjust enrichment, both under New York state law.

The Turtles recordings were made prior to Feb. 15, 1972, a milestone date in U.S. copyright law. Historically, federal copyright law protected musical compositions—but not *recordings*. That changed in 1971, when the Sound Recordings Act[2] finally brought sound recordings within the scope of the Copyright Act and granted them certain protections. It did not, however, grant owners of recordings an exclusive right to public performance. Moreover, recordings were only protected if produced after Feb. 15, 1972.

Years later, with the rise of the Internet and the widespread ability to make and distribute perfect digital copies, Congress revisited the performance issue. In 1995, Congress enacted the Digital Performance Right in Sound Recordings Act (or DPRA), which provided sound recording owners with limited exclusive rights to control the public performance of recordings "by means of a digital audio transmission."[3] (Again, there are important limitations on this right; for instance, non-subscription broadcasts are excluded.) The DPRA also stated that state-law rights in recordings from before Feb. 15, 1972 would be enforced only until 2067 (and as long as they do not conflict with federal law).[4]

With this legal context in mind, Flo & Eddie chose to assert state-law claims regarding their pre-1972 recordings. Under the DPRA, such rights can be enforced—if they exist. Here, the lower federal court concluded that they did exist under New York common law, finding in favor of Flo & Eddie on liability.[5] But on appeal, the Second Circuit was not so sure. It certified the question to the Court of Appeals: Does New York's common law of copyright recognize a right of public performance for sound recordings? The Court of Appeals answered that it does not.

There Is No Right, the Court Explains

The Court of Appeals resolved the matter in an extensive, studied opinion. The court's analysis proceeded in four general parts. *First*, it explained the legislative history of federal copyright law (outlined above).

Second, the court walked through key cases on related aspects of copyright law rendered over the years. In a classic common law analysis, the court synthesized these cases—identifying seven in particular—many of which were arguably conflicting or could support different conclusions. The court began with the premise that New York law had long distinguished between the right of "performance" and the rights of copying, printing and distribution. Next, the court surveyed the authorities, which it identified as relevant though not necessarily controlling. Most were identified as "anti-piracy" cases that related to the copying or distributing of a work, not specifically the performance right.

The court also examined *Capitol Records v. Naxos of America*, a 2005 Court of Appeals decision that holds that there is at least some New York common law copyright protection for pre-1972 sound recordings. But the extent of that protection has never been fully explored. By its analysis, the court in *Flo & Eddie* established that, historically, copyright was not a single, monolithic protection, but rather a group of individual rights doled out based on the character and use of the work. The court found no cases specifically recognizing the existence of the performance right for sound recordings, but that fact alone was not dispositive: The right might have existed at common law without being specifically enforced in any case.

Third, the court considered the "understanding and expectations of society," recognizing that such considerations were "not dispositive" but could "shed some light" on how "stakeholders in this arena have … understood New York common-law copyright." The court pointed to a record of industry representatives testifying that there was no right of performance—a conclusion that was bolstered by

the four-decade "absence of any artist or recording company attempting to enforce that right." In short, if such a right existed, copyright holders had gone decades without enforcing it—including Flo & Eddie, whose recordings had presumably been in rotation for some 40 years.

Fourth, the court, having established that there was no common-law right, concluded by stating that the creation of any pre-1972 right would need to be by the legislature. The court deemed itself ill-equipped to establish complicated, often conflicting new rights. Even Congress took nearly two decades to legislate on this issue, ultimately creating a statutory framework that is extremely complex, involving mandatory licensing and many complicated exceptions. It is not easy to strike a balance between the public's right to enjoy these recordings, the creators' right to compensation, and the creation of incentives for future artists. And the court was not prepared to do so.

Finding the Balance

Flo & Eddie does not change the practical landscape much. Digital streamers and broadcasters were not previously paying for these works, and they can now be certain, at least in New York, that going forward they won't have to. However, it provides an in-depth examination of a complex area of copyright law that rarely gets that kind of treatment, and the policy questions are worth thinking about. The concurrence specifically addresses the matter of "on demand" digital streaming (which presents a host of additional issues) and the inequities that may arise from the abuse of such services. The dissent goes further, suggesting that performance should be viewed as part of the "bundle" of rights that must be granted to ensure that artists are fairly compensated for their work, regardless of when it was created.

These are not trivial objections. Though as the majority notes, the balance between fairness to the artist and the (arguably competing) goal of public access to the arts is not one the court is especially well-positioned to address. Nonetheless, the opinion is worth studying, not least for its thoughtful examination of these and related policy issues in the broader field of copyright law.

Endnotes:

1. 2016 N.Y. Slip Op. 08480, 2016 WL 7349183 (Dec. 20, 2016).

2. Pub. L. 91-140, 85 U.S. Stat. 391 (1971).

3. 17 U.S.C. §106(6).

4. 17 U.S.C. §301(c).

5. *Flo & Eddie v. Sirius XM Radio*, 821 F.3d 265 (2d Cir. 2016), certified question accepted, 27 N.Y.3d 1015 (2016); *Flo & Eddie v. Sirius XM Radio*, 62 F. Supp. 3d 325 (SDNY 2014).

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