TIM BROOKS

Fair Practices

In the Spring 2004 issue of the ARSC Journal *we revived the Fair Practices column that ran in the Association's publication during the 1990s, under the editorship of Suzanne Stover. In introducing that column in 1993, then-editor of the* ARSC Journal, *Ted Sheldon, wrote "in the minds of some, the current copyright law has turned into an overly restrictive abomination in recent years, while others find it does not provide enough protection for their intellectual and other rights". Those words are even truer in 2004, the Age of the Internet, file sharing and homemade CDs. Now more than ever, keeping up-to-date on what is and is not permissible under current law, as well as the rapid changes taking place due to legal cases and new legislation, is essential for any archivist, scholar or serious collector in the field of recordings. Judging by the overflow attendance and passionate response of members at the "Music Downloading and File Swapping" session at the 2004 ARSC/SAM Annual Conference in Cleveland, there is a lot of interest in the subject today.*

We hope to make the column interactive, as it was in the past. To that end, Erach F. Screwvala, an attorney with the New York law firm of Robinson Brog, has kindly agreed to answer readers' questions regarding copyright issues. We owe him a large debt of gratitude for making his knowledge in this field available to ARSC Journal *readers. The column will only be as successful and informative as you make it, however, so please send your questions to Tim Brooks, Chair of the Fair Practices Committee, at tbroo@aol.com and he will forward them to Mr. Screwvala.*

In addition, and in contrast to the column of the 1990s, we also invite readers to submit short articles reflecting their experiences with, and perspective on, copyright matters. If you have had experiences in this area that might be of interest to ARSC members, or something informed to say on the matter (like last issue's "editorial"), please send those to Tim Brooks or to the ARSC Journal *editor. Don't be shy. If people who are deeply affected by copyright law simply sit on the sidelines and watch, others will decide these issues and the results will be imposed on us.*

This installment begins with an essay by Erach Screwvala on the recent case of Capitol v. Naxos, which should be of great interest to those in the sound recording field. Capitol sued Naxos for reissuing 1930s recordings Capitol claimed it owned, and to the surprise of many a district court ruled in favor of Naxos. Since then the case has gone to U.S. and New York State appeals courts. The column concludes with a review of the recent book Free Culture: How Big Media Uses Technology and the Law to Lock Down Culture and Control Creativity.

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Copyright CPR or When Public Domain is Not Really Public Domain

Capitol Records, Inc. v. Naxos of America, Inc.,[1] a case currently wending its way through the federal courts in New York, should give pause to those who seek to rely upon the public domain status of a sound recording created outside of the United States to create and market restorations of such works. Concluding that this situation raises unresolved issues of state law, the United States Court of Appeals for the Second Circuit (the "Second Circuit") has asked the New York State Court of Appeals (the "Court of Appeals")[2] to give its opinion on three questions of law concerning the scope of copyright protection under New York law.[3]

At issue are certain sound recordings made between 1933 and 1936 in the United Kingdom. At the time of the recordings, the artists signed agreements granting the recording company "all rights in the 'Artiste's personal performance and all rights of any nature whatsoever in respect of the records made by the Artiste for the Company that the Artiste shall at any time possess in any country of the world where the [British] Copyright Act 1911 is not in force.'"[4]

In 1996, Capitol purported to acquire the rights to the original recordings from the original copyright owner.[5] Naxos, without permission from either the original copyright owner or from Capitol, used the original shellacs to create restorations of the recordings, which it began to sell in 1999 in direct competition with Capitol's restorations.[6] Capitol sued, alleging unfair competition, misappropriation of property, unjust enrichment, and common law copyright infringement.

The Honorable Robert W. Sweet, in two rulings, concluded that Capitol had no protectible rights to the original recordings and dismissed the case.[7] In pertinent part, the district court appears to have held that since the copyrights expired under British law, Capitol could not claim any intellectual property rights under New York common law.[8]

Under British law, copyrights in sound recordings expire "50 years from 'the making of the original plate.'"[9] Therefore, there is no dispute that under British Law the recordings restored by Naxos are in the public domain.[10] Additionally, no copyright protection exists under federal copyright law, since federal protection of sound recordings did not exist prior to 1972.[11]

Notwithstanding the lack of protection under either British or United States law, both the District Court and the Second Circuit recognized that copyright protection may nonetheless exist under state common law.[12] The obvious question, of course, is why New York law applies to a recording made solely within the United Kingdom and which is no longer protected by British law. The answer lies in the fact that the acts of infringement allegedly committed by Naxos occurred in New York. Under well-settled principles of law, courts will apply the law of the site of the alleged infringement – in this case, New York law.[13] Thus, New York law will determine whether protection exists for works that have fallen into the public domain in their country of creation.[14]

While it is impossible to predict how the New York Court of Appeals will rule on the issue, the Second Circuit has identified at least two possible outcomes. First, the state court could adopt a concept in the area of international copyrights known as the Rule of the Shorter Term.[15] Judge Sweet's ruling is essentially an application of this rule. Second, the state court may adopt a Second Circuit rule that holds that federal copyright

may protect works that enjoy no protection in the country of origin.[16] As the Second Circuit recognized, however, the Second Circuit rule has only been applied to works that *never* enjoyed copyright protection in their country of origin.[17] The works here, however, were originally protected under British law and have since entered the public domain in the United Kingdom.

Whatever the outcome, however, preservations must exercise caution in assuming that the fact that a pre-1972 sound recording made outside of the United States, that enjoys no protection in its country of origin, may be freely exploited in the United States. Until federal preemption in 2067, applicable state law will govern uses of such works. If the Court of Appeals adopts Judge Sweet's view, the answer – in New York – will be clear and the creation and sale of restorations will not result in infringement.[18] However, for those who are not in New York, it will be necessary to consult with counsel to determine – if possible – how such a situation would treated in that jurisdiction. *Erach F. Screwvala*

Endnotes

1. 372 F.3d 471, 481 (2d Cir. 2004).

2. The Court of Appeals is the highest appellate court in the State of New York.

3. Specifically, the Second Circuit asked (1) whether the expiration of the copyright in thecountry of origin terminates common law protection in New York, (2) whether a cause of action for copyright infringement includes elements of unfair competition, and (3) whether the limited market of the original work is a defense to infringement and whether the restorations could be considered a new product. 372 F.3d 471. The New York Court of Appeals has recently accepted the certified questions and will schedule briefs and oral argument in due course. *Capitol v. Naxos*, 2004 WL 1933540 (New York, 31 August 2004). While all three questions raise important issues of New York's common law copyright protection, this article will focus only on the first question, which is addressed to the effect that a work's public domain status in its country of origin will have on its protectibility under New York law.

4. 372 F.3d at 474. One of the agreements contained slightly different language which provided that the recording company was "entitled to the sole right of production, reproduction, sale, use and performance (including broadcasting) throughout the world by any and every means whatsoever of the records of the works performed by Artiste under this Agreement". *Id.*

5. In the District Court's view, there is a question concerning the chain of title through which Capitol claimed its rights. *Capitol Records, Inc. v. Naxos of America, Inc.,* 262 F.Supp2d 204, 211 (S.D.N.Y. 2003) ("*Naxos I*").

6. 372 F.3d at 475.

7. *Naxos I*, 262 F.Supp.2d 204 (S.D.N.Y. 2003); *Capitol Records, Inc. v. Naxos of America, Inc.*, 274 F.Supp.2d 472 (S.D.N.Y. 2003) ("*Naxos II*").

8. *Naxos I*, 262 F.Supp.2d at211.

9. 372 F.3d at 479 (citing Copyright Act, 1911, 1 & 2 Geo. 5, c. 46, § 19).

10. *Id.*

11. *Naxos I*, 262 F.Supp.2d at 209 (citing 17 U.S.C. §104A(h)(6)(C)(ii)); *see also*, 372 F.3d at 477.

12. 372 F.3d at 477; *Naxos I*, 262 F.Supp.2d at 210.

13. 372 F.3d at 477 (citing *Itar-Tass Russian News Agency Russian Kurier, Inc.*, 153 F.3d 82, 91 (2d Cir. 1998).

14. This issue will become moot as of 15 February 2067 when state law protection over sound recordings is preempted by federal law. 17 U.S.C. §301(c).

15. 372 F.3d at 480. The Rule of the Shorter Term is derived from the Berne Convention and essentially means that copyright protection need not be extended beyond the period of protection in the work's country of origin.

16. 372 F.3d at 480-81 (citing *Hasbro Bradley, Inc. v. Sparkle Toys, Inc.*, 780 F.2d 189, 192-93 (2d Cir. 1985).

17. *Id.*

18. If the Court of Appeals adopts a different view, there will be no clear answer and further litigation will be necessary.

Free Culture: How Big Media Uses Technology and the Law to Lock Down Culture and Control Creativity

By Lawrence Lessig. NY: Penguin Press, 2004

One of my favorite dance tunes from the early 1930s is a bouncy little number from a short lived musical called *The Gang's All Here*:

> I asked your father, and he said "okay,"
> I asked your mother, and she said "hooray!",
> By special permission of the copyright owners,
> "I – love – you."[1]

The song goes on to describe how the suitor has to get permission from just about everybody in order to woo his sweetheart. I sometimes think that what the fight against the vast expansion of copyright needs right now is a sense of humor, or at least a bit of mockery of the sometimes ludicrous extremes to which that expansion has gone. [Apparently they thought so in 1931, too.] Ridicule can be an effective tool. It can humanize an opponent, and can demonstrate the sometimes-laughable extremes to which it has gone.

It is hard for many to understand why copyright is so important. You can see it in their eyes when you bring the subject up. "Watch their eyes glaze over" is the term that comes to mind. Yet, anyone who invests the time to read Lawrence Lessig's *Free Culture: How Big Media Uses Technology and the Law to Lock Down Culture and Control Creativity* will come away with a very different impression. Lessig makes the case that the battle over copyright is a key part of a much larger struggle for control of thoughts, ideas, and almost every other kind of creative expression. We all know that great advances are built on the work of those who came before. But the steady expansion of copyright, the author maintains, is an attempt to move America (and other countries) to a "permission culture," where nothing can be built upon without permission, payment, and the opportunity for those who "own" the past to say **no**, if they so choose. It is a classic case of old interests (like the record industry) fighting new technologies (like the Internet). It happened in the 1930s when the record industry bitterly fought radio, in the 1950s when the movie industry fought television, and in the 1980s when movies fought taping. Ironically, in all those cases the entrenched interests were too shortsighted to see that the "enemy" would actually benefit, not harm, them in the end.

They eventually found this out because in none of those cases did Congress and the courts intervene to hobble the new technologies in order to protect the old. They certainly did not expand copyright so that it could be used as a weapon to beat new technologies into submission. Today, Lessig maintains, things are different. With the growth of corporate influence over Congress – unparalleled since the late 19th century, when legislators were regularly "bought and sold" by huge industrial trusts – today's giant entertainment conglomerates are able to get pretty much the laws they want. And what they want, above all, is *control, now.*

Lessig is a public interest attorney who has been at the forefront of the battle to keep the Internet open and free. He led the legal challenge to the 1998 Sonny Bono Copyright Term Extension Act, which lengthened copyright terms by twenty years. He is rather Internet-centric, and most of his writings have been about the Internet, rather than about music and recordings. However, in *Free Culture* he broadens his perspective and covers many areas that will be of interest to ARSC members.

For starters, there is some useful history on the origins of copyright. The first "copyright" act was the 1710 Statute of Anne, adopted by the British Parliament as a way of reining in the Crown's ability to control the free flow of ideas by granting monopoly privileges to favored publishers. This was part of a long battle (which included a Civil War) over freedom of expression; Henry VIII had even granted monopolies to print the Bible. The Statute of Anne provided that new works would have a copyright term of fourteen years, renewable once if the author was still alive, and then would become part of the "public domain" (then a new concept).

The powerful London publishers' trust (known as The Conger) did not like this, of course, and managed through legal maneuvering to subvert the law until 1774. In that year a legal challenge involving a renegade publisher who had dared to publish a "public domain" work The Conger maintained was theirs in perpetuity reached the House of Lords, England's equivalent of the U.S. Supreme Court. In a stunning upset, the Lords voted two-to-one in favor of the public domain, effectively gutting the ability of The Conger (and its patron, the Crown) to control free expression through book monopolies. It was a highly popular decision, and citizens celebrated in the streets.

When the U.S. Constitution was written a few years later it incorporated the idea of copyright for "limited times," in order to "promote the progress of science and useful arts". The term was originally set at fourteen years, with one renewal, and applied narrowly to only maps, charts, and books. Lessig explains how this basic principle of copyright for a limited time and for limited purposes, with a vibrant public domain on the other end to encourage free expression and creativity, endured for 180 years. Until the 1970s, when those who benefited from the limited copyright monopoly began to find ways to expand and extend it – much as did The Conger of old England.

Numerous cases of copyright and patent abuses are described along the way, including Thomas Edison's 1909 attempt to control the nascent film industry through an East Coast-based patent trust (the rebels fled to the West Coast, and founded Hollywood); RCA's successful attempt to smother FM radio in the 1930s; and a bizarre 1945 case in which a farmer named Causby attempted to use a long-standing legal principal of property ownership "extending upwards indefinitely" to control the airspace over his farm, which would have shut down general aviation. The book offers a useful adjunct by refer-

ring readers to a website that provides easy and up-to-date access to the sources it cites (http://free-culture.cc/notes).

All of these attempts ultimately failed because Congress was not in the mood to change the basic law, but its willingness since the 1970s (plied by heavy lobbying and political contributions) to strengthen and expand copyright – most recently in the Digital Millennium Copyright Act and the Copyright Term Extension Act – have had a very different effect. Napster is shut down, teenagers and grandmothers are sued within an inch of their lives for "infringement," rules and technologies are put forward to hobble, constrain, and control the very instruments of communication that the Internet offers, all because they "might" be used for infringement. Did you know that the Yahoo and Amazon auction sites will not accept CDRs (home recorded CDs) made by musicians trying to spread their work, because CDRs *can* be used for infringement of copyrighted works? [eBay will accept them at present, but only with warranties from the seller.] Or that when Napster told a district court it had developed a technology to block the transfer of 99.4% of infringing material, the court said that was not good enough; Napster had to push it "down to zero" or go out of business? Or that the fine for stealing a physical CD from a store (in California at least) is $1,000, but the fine for downloading a single ten-song CD from the Internet is $1.5 million?

The Record Industry Association of America (RIAA) has used these towering fines as a blunt weapon against consumers. Typically, RIAA lawyers send a threatening letter to a suspected downloader citing fines far beyond what the consumer could ever pay. They then ask "how much money do you have?" and generously settle for your life's savings instead. You can, of course, fight them, and might even win, but it will cost you thousands of dollars in legal fees, which you will not get back even if you win. It is nothing short of extortion, and it is all perfectly legal under the DMCA, which Lessig characterizes as an "Orwellian law".

Moreover, by doing away with the need to register or mark copyrighted material, massive uncertainty has been introduced. Even someone who wants to respect copyright can never be sure whether he's infringing or not. Too often, works are not written, or records reissued, because they *might* infringe, or the "owner" is unknown.

In chapter 13 the author addresses the Eldred Case, challenging the 1998 copyright term extension, which he argued and lost before the Supreme Court in 2003. In this remarkable chapter, Lessig clearly blames no one but himself for the loss. An extraordinarily broad coalition of consumer groups, economists, and experts (including ARSC) supported this challenge, although Lessig doesn't mention most of them. He was advised to demonstrate to the Court as forcefully as possible the damage that unlimited copyright has done and will do. Instead, he based his case narrowly on the right of Congress to pass such an extension, given the Constitution's wording. Even when asked directly by Justice Kennedy for evidence of harm, Lessig declined to provide any, saying that was not the issue. The Court voted seven-to-two to uphold the law. [The two dissenting opinions are quite interesting and insightful, but that is another story.]

Lessig admits his tactic was a mistake, and indulges in quite a bit of self-flagellation over what went wrong. The entire book, in fact, is permeated by a sort of melancholy regarding the powerful forces determined to turn America into a "permission culture," and the difficulty of opposing them. He is not quite hopeless, however. At the end, he offers five concrete proposals:

1. Restore formalities – registration, copyright mark, etc. – so that only what somebody really wants to protect will be protected, and that the massive uncertainty that is crushing usage will be alleviated.

2. Shorter terms. Sonny Bono believed in perpetual copyright, with no public domain at all. Some clever control-freaks have argued for a law specifying "forever minus one day," so as to meet the Constitution's "limited times" test (forever minus a day is technically limited, right?). Lessig says we should keep terms short, like those for patents; keep them simple so "fair use" is clear; restore the renewal term (experience shows that most copyrights weren't renewed); and keep copyright applicable to future works only, not retroactive to past works as has been done.

3. Broaden fair use in order to allow derivative works, which used to be permitted but are now largely outlawed.

4. "Liberate the Music" by allowing peer-to-peer networks, compulsory licenses for out-of-print works, and possibly an ASCAP-like licensing tax, which would be distributed to creators to compensate them just as songwriters are compensated for radio play.

5. "Fire lots of lawyers." Lessig is a lawyer, but one who feels the law should be about fairness, not protecting the rich.

The Big Media (and big record companies) that pushed through much of the restrictive copyright legislation of recent decades are not faceless entities. Two individuals who had much to do with this raid on America's culture were Hilary Rosen, President of the RIAA, and Jack Valenti, President of the Motion Picture Association of America. Both now are (or will soon be) retired. Valenti in particular was an extremely effective lobbyist, genial, white-haired, and well connected (he was a staffer in the Lyndon Johnson administration). Most of all he had a gift for communicating in simple, compelling terms. "No matter the lengthy arguments made," he told Congress, "no matter the charges and the counter-charges, no matter the tumult and the shouting, reasonable men and women will keep returning to the fundamental issue, the central theme that animates this entire debate: *creative property owners must be accorded the same rights and protection resident in all other property owners in the nation*" (p.117).

It is so simple. It is just about protecting your property, that's all. Those who want to bring sanity back to copyright law need someone as eloquent, someone who can encapsulate issues so concisely, and someone who can make them so relevant to the common person, as Valenti could. It is *not* about property, of course. It is about *private* property vs. *public* property. What part of the public property can someone who wants to make a profit take – and keep forever? It is about what part of creativity should be considered property at all. [Can your DNA be someone else's property? The patent office thinks so.]

I do not know if Lessig is that person. The first half of *Free Culture* is pretty thick going at times, at least for the layman. It is lawyerly. The second half is better, when he starts giving examples of the harms done (just as he now says he should have done before the Supreme Court), and possible solutions. He tries mightily to appear reasonable, suggesting compromises, half-measures, trying to "understand" those he opposes

and agree with them wherever possible. Well and good, but at some point you have to stand up for what you believe is right. "Forever minus a day" is not a compromise. Nor can you compromise with those who have no intention of compromising – unless you are Neville Chamberlain.

Free Culture is a more accessible book than the author's last volume, *The Future of Ideas* (NY: Vintage Books, 2002), which I intended to review for ARSC, but which was so dense I frankly could not get through it. Other recent books in this field have more intriguing titles, notably *Information Feudalism: Who Owns the Knowledge Economy*, by Peter Drahos and John Braithwaite (NY: The New Press, 2003) and the especially well-reviewed *Copyrights and Copywrongs: The Rise of Intellectual Property and How It Threatens Creativity* by Siva Vaidhyanathan (NY: New York University Press, 2001). The latter is said to be particularly accessible. As far as I know no one has yet written a book specifically about the damage done to the field of historic recordings by modern copyright laws.

The subject of expanding copyrights is one that ARSC members should be concerned about. If you care at all about the goals of the organization, I suggest you read *Free Culture,* or one of the other books mentioned. They may not be the last word on the subject, but they are a good start. *Reviewed by Tim Brooks, Chair, ARSC's Fair Practices Committee*

Endnote

1. "By Special Permission of the Copyright Owners (I Love You)," words by Owen Murphy and Robert A. Simon, music by Lewis Gensler (1931). Recorded by Nat Shilkret and the Victor Orchestra (Victor) and Hal Kemp and His Orchestra (Brunswick), among others.

Monitoring Current Research Activity on the History of Recorded Sound

'Research in Progress' is an occasional feature of the *ARSC Journal* and is intended to advance the study and documentation of the history of recorded sound. This section of the publication can be a means of accessing and sharing information, and monitoring current research activity. It also serves as a "bulletin board" for authors, biographers, discographers and other researchers to post or access information.

Researchers are invited to submit summaries of their research or requests for information (between 500-1,000 words) to the Editor. Address all inquiries or submissions to:

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