

# Protection for Pre-1972 Sound Recordings under State Law and Its Impact on Use by Nonprofit Institutions: A 10-State Analysis

Prepared by

the Program on Information Justice and Intellectual Property  
Washington College of Law, American University

Under the supervision of Peter Jaszi with the assistance of Nick Lewis

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**National Recording  
Preservation Board**

OF THE LIBRARY OF CONGRESS

Council on Library and Information Resources  
and Library of Congress  
Washington, D.C.

## **The National Recording Preservation Board**

The National Recording Preservation Board was established at the Library of Congress by the National Recording Preservation Act of 2000. Among the provisions of the law are a directive to the Board to study and report on the state of sound recording preservation in the United States. More information about the National Recording Preservation Board can be found at <http://www.loc.gov/rr/record/nrpb/>.

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## About the Project Leaders

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This report would not have been possible without the outstanding research and contributions from many students in the Program on Information Justice and Intellectual Property (PIJIP), Washington College of Law, American University. The PIJIP works to advance access to information for teachers, students, artists, programmers, bloggers, inventors, scientists, doctors, patients, and others who depend on it to make essential cultural and economic contributions to society. PIJIP seeks to assure that their voices are heard and interests are recognized. PIJIP accomplishes this through projects they undertake dealing with intellectual property issues across the world, by hosting events emphasizing its values in the Washington, D.C. area, and through the advancement of information via news articles, blog entries, and more, posted on its website. More information on PIJIP is available at <http://www.wcl.american.edu/pijip/go/about-pijip>.

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## Foreword

This is the third of three studies of copyright and sound recordings commissioned by the National Recording Preservation Board (NRPB) in support of the congressionally mandated study of the state of audio preservation in the United States. All three studies have focused on how laws pertaining to sound recordings made before 1972 affect preservation of and access to audio recordings. As readers of the previous two studies know, sound recordings made before February 15, 1972, do not benefit from federal copyright protection. In the absence of a national law, in the late 1960s and early 1970s, individual states passed anti-piracy and other laws to protect producers of sound recordings from unauthorized duplication and sale of recordings.

The first two NRPB studies, both written by Professor June M. Besek of Columbia Law School, explored how laws pertaining to rights to pre-1972 sound recordings affect the preservation of and access to these rich resources. Professor Besek's work examined preservation and access issues as they apply to commercial sound recordings and unpublished works, such as live recordings, radio broadcast transcriptions, oral histories, and news interviews.

In this study, Professor Peter Jaszi and students in the Program on Information Justice and Intellectual Property at American University's Washington College of Law examine criminal and civil laws of 10 states, as well as judicial decisions and common law, pertaining to sound recordings fixed before 1972. The authors provide a brief history of the formulation of these laws and examine the laws and court cases that may determine the extent to which non-profit institutions may preserve and disseminate pre-1972 recordings.

As Professor Jaszi and his students note, state anti-piracy laws alone do not define the legal uses of pre-1972 recordings. Legal uses of these recordings are also affected by common law copyright, unfair-competition laws, rights of privacy, and federal copyright law related to underlying works, such as musical compositions performed on the recordings. Remarkably, this is the first in-depth analysis of individual state copyright laws.

Professor Jaszi begins his preface with the statement, "Nonprofit cultural institutions, such as libraries, archives, and museums, hope to make available sound recordings created prior to 1972." Speakers at hearings conducted for the National Recording Preservation Board's study of the state of audio preservation made this desire quite clear. A significant amount of the testimony expressed the frustration of librarians and archivists over the difficulty of making their collections accessible to scholars and the public. Many of my colleagues at the Library of Congress share my personal conviction that it is our obligation to make our collections as accessible as possible, within the law. This is especially true for collections that are unique, rare, or difficult to locate elsewhere.

A great number of the three million sound recordings held by the Library of Congress at the newly opened Packard Campus Audio Visual Conservation Center in Culpeper, Virginia, meet these criteria. Many of the early commercial sound recordings and radio broadcast collections preserved at the Center are not held by any other public institution. It is the Library's obligation, in ensuring that the Packard Campus becomes a truly *national* center, to make certain that its audio treasures are shared as widely as possible. Yet in an environment where there are virtually no public domain sound recordings and where, as discussed in this study, the laws controlling early sound recordings are complex and vast, copyright-related issues present a formidable challenge.

In early 2010, the Packard Campus will launch a Web site that will offer streaming of more than 10,000 pre-1925 commercial recordings. A generous, gratis license from Sony Music Entertainment will make this access possible from a legal perspective. In any other country, however, such materials are already in the public domain. In addition, if these recordings were in any other format held by the Library of Congress, such as books, maps, music, or photographs, they would have been in the public domain for more than a decade.

The exclusive right of creators to benefit from creative expression for a limited period is fundamental to U.S. law, as set forth in the Constitution. Librarians and archivists respect this right and uphold the limitations to unauthorized dissemination as outlined in U.S. copyright law. They are aware that unauthorized distribution of audiovisual works is a legitimate concern of copyright holders. At the same time, they recognize that in the long run, the breadth and duration of restrictions on the dissemination of sound recordings can only undermine respect for copyright law and other exclusive rights. A survey conducted for the NRPB by Tim Brooks<sup>1</sup> found that fewer than 4 percent of historical recordings made before 1925 are available for sale by rights holders. In other words, 96 percent of pre-1925 commercial recordings are inaccessible commercially and may not be published, sold, or offered for downloading legally until 2067.

At the conclusion of his analysis of applicable laws in each of the 10 states included in his report, Professor Jaszi outlines what he terms “potential defenses for nonprofit institutions.” In these sections, he examines the courses of defense a nonprofit institution might take if accused of unauthorized use of pre-1972 sound recordings. These analyses will be invaluable to all nonprofit institutions working to make historical recordings accessible. However, the legal issues related to dissemination of pre-1972 recordings, and all recordings, are complex. Having these analyses of potential legal defenses is useful, but the mere need to consider “potential defenses” has a chilling effect on all institutions without the legal resources and wherewithal to undertake legal risks.

Congress has recently directed the U.S. Copyright Office to “conduct a study on the desirability of and means for bringing sound recordings fixed before February 15, 1972, under federal jurisdiction.” The study will “cover the effect of federal coverage on the preservation of such sound recordings, the effect on public access to those recordings, and the economic impact of federal coverage on rights holders.”<sup>2</sup> The work conducted thus far on behalf of the National Recording Preservation Board will assist the Register of Copyrights as it undertakes this study. We are deeply indebted to Professor Jaszi and his students for this particular work—one that will be invaluable to all who want to better understand the laws and restrictions pertaining to pre-1972 recordings and who hope for a future in which the hundreds of thousands of historical audio recordings held in libraries, archives, and private collections may be disseminated broadly.

*Deanna B. Marcum*  
*Associate Librarian for Library Services*  
*Library of Congress*

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<sup>1</sup> Brooks, Tim. 2005. *Survey of Reissues of U.S. Recordings*. Washington, DC: Council on Library and Information Resources and Library of Congress.

<sup>2</sup> Congressional Record. February 23, 2009. H2397. Available at <http://www.congressonrecord.com/page/H2397>.

## Introduction

Nonprofit cultural institutions, such as libraries, archives, and museums, hope to make available sound recordings created prior to 1972. However, exactly what protections those recordings have, and thus what barriers may exist to inhibit such use, are not always clear. What is known is that federal copyright law did not protect sound recordings until 1972, and that it expressly leaves protection for pre-1972 sound recordings exclusively in the domain of the states.

Nearly every state has taken steps to protect pre-1972 sound recordings in some fashion, be it through criminal antipiracy statutes or common law theories such as common law copyright, the doctrine of unfair competition, or misappropriation. However, because each state can determine which rights it will or will not grant, a state-by-state review is necessary.

We examined 10 states to get a sense of the types of protections states extend to pre-1972 sound recordings, and what impact these laws may have on the use of such recordings by nonprofit institutions. Our survey began with a quick survey of all 50 U.S. states, to determine which ones would be good candidates for more extensive investigation. Some states were selected because they are jurisdictions in which the sound recording industry is well established, and others because their laws appeared to be relatively typical in character. Still others were chosen because they exhibited features that appeared unusual and worthy of further inquiry. The 10 states are not necessarily a representative cross-section of the nation; however, when taken together, they illustrate many aspects of state law with which nonprofit cultural institutions may need to be concerned.

Our working method was to identify, in advance, various types of statutory and judge-made laws that might have implications for nonprofit institutions' efforts to make the heritage of recorded sound more broadly available. Each of these legal categories was then explored in primary- and secondary-source materials relating to the 10 states under consideration.

Part I of this report summarizes the state-by-state examination. It includes a general history of state law protection and summaries of the potential protections available. This section also compares and contrasts the laws and provisions of many of the states. Part II provides a more in-depth analysis of sound recording laws in each state in the sample.

# PART I:

## OVERVIEW OF STATE SOUND RECORDING LAWS

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### A. The History of Protection of Sound Recordings

#### 1. Beginnings

Copyright protection in the United States began with the nation's founding. From the country's inception, copyright protection has been conferred at both the federal and state levels. Despite federal copyright law stemming from the U.S. Constitution, nearly all of the original 13 states enacted statutes protecting authors' rights to make and distribute copies of their work.<sup>1</sup> These early legislative pronouncements protecting authors of written materials, later combined with state common law copyright protections, constituted the first evolution offering protection to creative efforts in the states.

Although the first federal copyright statute was passed in 1790, music was not accorded any federal protection until 1831.<sup>2</sup> However, this protection was limited to music composition, or the actual notation written on the page.<sup>3</sup> Initial arguments calling for protection against the unauthorized duplication of sound recordings failed. In the case of *White-Smith Music Publishing Co. v. Apollo Co.*,<sup>4</sup> the court held that piano rolls were not copies of a music composition for the purposes of infringement.<sup>5</sup>

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<sup>1</sup> Alexander G. Comis, *Copyright Killed the Internet Star: the Record Industry's Battle to Stop Copyright Infringement Online: A Case Note on UMG Recordings, Inc. v. MP3.com, Inc. and the Creation of a Derivative Work By the Digitization of Pre-1972 Sound Recordings*, 31 Sw. U. L. REV. 753, 757-758 (2002) (noting Delaware as the only state that failed to enact such a statute).

<sup>2</sup> David Schwartz, Note, *Strange Fixation: Bootleg Sound Recordings Enjoy the Benefits of Improving Technology*, 47 FED. COMM. L. J. 611, 624 (1994-1995).

<sup>3</sup> *Id.*

<sup>4</sup> 209 U.S. 1 (1908).

<sup>5</sup> See Richard Frank Biribauer, *Goldstein v. California and the Protection of Sound Recordings: Arming the States for Battle with the Pirates*, 31 WASH. & LEE L. REV. 604,

## 2. The 1909 Copyright Act

Although Congress subjected federal copyright protection to an overhaul by enacting the 1909 Copyright Act, it still failed to grant statutory copyright protection to sound recordings. Despite efforts by some members of Congress to raise the issue of sound recordings, the final bill declined to extend protection.<sup>6</sup> Indeed, the report released with the Copyright Act expressly stated that Congress did not intend to protect sound recordings: “It is not the intention of the committee to extend the right of copyright to the mechanical reproductions themselves, but only to give the composer or copyright proprietor the control, in accordance with the provisions of the bill, of the manufacture and use of such devices.”<sup>7</sup> According to one commentator, Congress had two principal concerns about sound recordings, leading it to decline to protect them.<sup>8</sup> First, Congress wondered about the constitutional validity of such protection.<sup>9</sup> The Constitution allows Congress to protect “writings,” and Congress was uncertain as to whether a sound recording could constitute a writing.<sup>10</sup> Second, Congress worried that allowing producers to exclusively control both the musical notation and the sound recording could lead to the creation of a music monopoly.<sup>11</sup>

Instead of directly protecting sound recordings, Congress opted to create a compulsory licensing provision that would allow the copyright holder of the composition to control who would be the first person or group to fix the work in a tangible medium.<sup>12</sup> However, this attempted solution left open the question of whether someone could just pay the licensing fee for the composition and then simply duplicate the recorded version of it.<sup>13</sup> It also left unsatisfied the desire of the recording industry for greater federal law protection.

### *The Threat of Piracy Grows*

After Congress’s initial refusal to extend protection to sound recordings, the problem of record piracy began to grow considerably, with an increasingly deleterious effect on the recording industry. Record pirates have existed from the beginning of the recording industry.<sup>14</sup> Over time, changes in recording technology led to increased ease of

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608 (1974) (noting that the court’s decision would seem to extend to all mechanical reproductions, including disc and tape recordings); Barbara A. Ringer, *The Unauthorized Duplication of Sound Recordings*, Study No. 26, prepared for the Subcommittee on Patents, Trademarks, and Copyrights, 86th Cong., 2d Sess., 4 (February 1957) [hereafter Ringer].

<sup>6</sup> Ringer, *supra* note 5, at 3-5.

<sup>7</sup> *Id.* at 5 (citing H.R. Rep. No. 2222, 60th Cong., 2d Sess. 9 (1909)).

<sup>8</sup> Dorothy M. Schrader, *Sound Recordings: Protection Under State Law and Under the Recent Amendment to the Copyright Code*, 14 Ariz. L. Rev. 689, 691 (1972).

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> Schwartz, *supra* note 2, at 625.

<sup>13</sup> See *id.* (relaying Nimmer’s view that a third party most likely could take this action).

<sup>14</sup> Sidney A. Diamond, *Sound Recording and Phonorecords: History and Current Law*, 1979 U. ILL. L. F. 337, 345 (1979).

duplication, leading to a dramatic escalation of pirating activities.<sup>15</sup> In the 1930s, jazz enthusiasts began making acetate copies of recordings that they could no longer obtain in stores.<sup>16</sup> By the 1950s, record pirates had begun to move beyond providing unavailable recordings to directly competing with record companies by pirating and openly selling music available in stores.<sup>17</sup> In the early 1970s, the innovation of the cassette tape recorder led to even more pirating.<sup>18</sup> The ease and low cost of duplicating sound recordings without authorization brought about a sea change in the economics of recorded music.<sup>19</sup> This led interest groups to begin pressuring for legislative reform targeting recording pirates.<sup>20</sup>

### 3. State Remedies

Because Congress failed to extend protection to sound recordings until 1971 (effective 1972), parties concerned about the unauthorized duplication of sound recordings turned to the states. Although states ultimately began to pass statutes criminalizing unauthorized manufacture and distribution of recordings, this did not occur until the late 1960s and early 1970s.<sup>21</sup> Instead, state courts drew upon a number of common law theories to protect sound recordings.<sup>22</sup> Common law copyright and the doctrine of unfair competition, however, constituted the two most prevalent and most important theories.<sup>23</sup> Indeed, these theories ultimately paved the way for the states to enact unauthorized-distribution laws.<sup>24</sup>

#### a. Common Law Copyright

Common law copyright protects an author's rights to an intellectual creation prior to the publication of that work; thus, common law copyright is often called "the right of first publication."<sup>25</sup> An owner of a recording can, on the basis of the common law copyright,

<sup>15</sup> See, e.g., Schrader, *supra* note 8, at 689.

<sup>16</sup> Glenn M. Reisman, Comment, *The War Against Record Piracy: An Uneasy Rivalry Between the Federal and State Governments*, 39 Alb. L. Rev. 87, 89 (1974-1975).

<sup>17</sup> *Id.*

<sup>18</sup> Robert P. Merges, *One Hundred Years of Solicitude: Intellectual Property Law, 1900-2000*, 88 CALIF. L. REV. 2187, 2197 (2000).

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> See *infra* Part I.A(4)(c) (discussing the history of state unauthorized-distribution laws).

<sup>22</sup> See Biribauer, *supra* note 5, at 611 (listing right of privacy, interference with contractual relations, interference with employment relations, injury to reputation, and moral rights as other common law theories occasionally used to protect sound recordings).

<sup>23</sup> *Id.*

<sup>24</sup> See *id.* at 626 (arguing that it was a "short step" from the broadened doctrine of unfair competition/misappropriation to the emergence of state criminal statutes).

<sup>25</sup> *Id.* at 612-13; see also Ringer, *supra* note 5, at 11 ("A common law copyright confers complete protection against unauthorized use, and this protection ordinarily lasts as long as the work remains unpublished."); Schrader, *supra* note 8, at 693 (noting that common law copyright protects an author's work in the same way that the common law protects physical property from being stolen).

prohibit the unauthorized use of the recordings prior to their publication.<sup>26</sup> The important question for common law copyright therefore becomes, when is a work published?<sup>27</sup> Originally, the majority view indicated that the widespread dissemination of a work (i.e., the commercial sale of the work) constituted publication, thus extinguishing the common law rights.<sup>28</sup> This is the view the federal government originally held on the issue.<sup>29</sup> However, numerous state court judges began to weaken this view, arguing that sale did not constitute publication.<sup>30</sup> Some courts have determined that “publication” is a term of art, subject to different meanings in different contexts, and that because pre-1972 sound recordings do not receive any federal protection, they should be afforded additional state protection by determining that commercial distribution of a recording does not amount to a publication.<sup>31</sup> In *Goldstein v. California*, the Supreme Court held that the “publication” of a sound recording is a matter left to the states to decide.<sup>32</sup> Given that many states do not see commercial distribution as publication, the owner of a sound recording can thus maintain common law copyright protections despite widespread commercial exploitation of the records. As noted below, because *Goldstein v. California* not only validated state antipiracy statutes but also upheld state common law protections, the common law copyright theory of protection continues to exist today with regard to sound recordings fixed prior to February 15, 1972.<sup>33</sup>

#### **b. Unfair Competition**

The classic doctrine of unfair competition “recognizes a property right in business assets which have been acquired by the expenditure or investment of money, skill, time, and effort.”<sup>34</sup> Originally, to prevail on a claim of unfair competition, a plaintiff had to prove three elements: (1) competition between the parties; (2) the defendant’s appropriation of the valuable business asset of the plaintiff; and (3) the fraudulent “passing off” or “palming off” by the defendant of the plaintiff’s appropriated asset, such that consumers would be confused as to the source of the good.<sup>35</sup> Plaintiffs have used the unfair competition doctrine in the case of unauthorized duplication of sound recordings since the 1904 case of *Victor Talking Machine Co. v. Armstrong*.<sup>36</sup> In that case, the court found the presence of all three unfair competition elements and ruled against the pirate.<sup>37</sup>

Over time, however, state court judges began to considerably

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<sup>26</sup> Biribauer, *supra* note 5, at 613.

<sup>27</sup> Ringer, *supra* note 5, at 14.

<sup>28</sup> *Id.* at 14-15.

<sup>29</sup> Biribauer, *supra* note 5, at 622.

<sup>30</sup> Ringer, *supra* note 5, at 20.

<sup>31</sup> See *Capitol Records, Inc. v. Naxos of Am.*, 830 N.E.2d 250, 560, 564 (N.Y. 2005).

<sup>32</sup> Biribauer, *supra* note 5, at 618, 622.

<sup>33</sup> *Id.* at 622.

<sup>34</sup> Ringer, *supra* note 5, at 11.

<sup>35</sup> Biribauer, *supra* note 5, at 623-24.

<sup>36</sup> 132 F. 711 (S.D.N.Y. 1904); see Biribauer, *supra* note 5, at 623.

<sup>37</sup> See 132 F. 711 at 711; Biribauer, *supra* note 5, at 623.

broaden the potential application of the doctrine by downplaying, and ultimately eliminating, two of the three required elements. According to one commentator, passing off (the third element) “is particularly difficult to establish, since there is rarely any incentive for the appropriator to represent the recording as anything except exactly what it is.”<sup>38</sup> Further, it became difficult for the performers of recorded sound to prove that they were in direct competition with pirates.<sup>39</sup> Courts responded by first eliminating the third requirement showing of “passing off,”<sup>40</sup> and then ultimately eliminating the necessity of showing that the parties were competitors.<sup>41</sup> This left only the second element—that the defendant had appropriated a valuable business asset of plaintiff’s.<sup>42</sup> In many states, this meant that the unfair competition doctrine essentially merged with a misappropriation doctrine<sup>43</sup> that was already thriving in other areas of commercial litigation through the early part of the century. Misappropriation prohibits one from reaping what one has not sown. According to one commentator, “[I]t was but a short step from this broad formulation of the misappropriation doctrine to the kind of state antipiracy penal statute ... which extends to the sound recording owner protection against any unauthorized duplication of his work.”<sup>44</sup>

### ***c. Unauthorized Distribution Laws***

Following this development of state common law remedies, and in response to the drastic increases in piracy that accompanied new recording technology, various interest groups began pushing for legislative protections.<sup>45</sup> At first, the enactment of local and state statutes banning unauthorized distribution came slowly. The City of Los Angeles passed the first such statute under its municipal code in 1948.<sup>46</sup> However, no state would pass an unauthorized-distribution statute for nearly 20 years. New York attempted to pass criminal antipiracy laws three times during the 1950s, only to have the bills fail.<sup>47</sup> New York finally passed an unauthorized-distribution law in 1967,<sup>48</sup> and California followed in 1970.<sup>49</sup> As will be discussed later, after the

<sup>38</sup> Ringer, *supra* note 5, at 17.

<sup>39</sup> *Id.*

<sup>40</sup> See *Fonotopia Ltd. v. Bradley*, 171 F. 951 (E.D.N.Y. 1909); see also *Int’l News Serv. v. Associated Press*, 248 U.S. 215 (1918); Biribauer, *supra* note 5, at 624 (discussing how the courts in *Fonotopia* and *INS* held that plaintiffs need not prove that the defendant acted with intentional deception).

<sup>41</sup> See *Metro. Opera Assoc., Inc. v. Wagner-Nichols Recorder Corp.*, 101 N.Y.S.2d 483 (N.Y. Sup. Ct. 1950), *aff’d*, 107 N.Y.S.2d 795 (1951); see also *Gieseking v. Urania Records*, 155 N.Y.S.2d 171, 173 (N.Y. Sup. Ct. 1956); Ringer, *supra* note 5, at 18-19 (reviewing the extension of the unfair competition doctrine through a series of cases).

<sup>42</sup> Biribauer, *supra* note 5, at 626.

<sup>43</sup> *Id.*

<sup>44</sup> *Id.*

<sup>45</sup> Merges, *supra* note 18.

<sup>46</sup> Ringer, *supra* note 5, at 9; Reisman, *supra* note 16, at 90.

<sup>47</sup> Ringer, *supra* note 5, at 9.

<sup>48</sup> See Steven L. Sparkman, *Tape Pirates: the New “Buck”-aneer\$*, 21 COPYRIGHT L. SYMP. 98, 119 (1974) (describing the passage of the New York and California laws as a response to the eroding influence of the *Sears* and *Compco* cases).

<sup>49</sup> *Id.*

Supreme Court held in *Goldstein v. California* that such antipiracy statutes were not pre-empted by the Copyright Act, almost every other state passed such a law.<sup>50</sup>

#### **4. Federal Protection: The Sound Recording Amendments of 1971**

As the problem of record piracy reached new heights,<sup>51</sup> Congress finally extended federal statutory protection against the unauthorized duplication of sound recordings by enacting the Sound Recording Amendments to the 1909 Copyright Act.<sup>52</sup> However, the law became effective on February 15, 1972, and did not apply to recordings fixed prior to that date.<sup>53</sup> This left state law as the only source of protection for sound recordings fixed prior to February 15, 1972. Yet whether state law could still grant protection to pre-1972 sound recordings was called into question because the federal Copyright Act pre-empted state law protections similar in scope to those protected by federal law.<sup>54</sup> The Supreme Court addressed and answered this question in *Goldstein v. California*.<sup>55</sup>

#### **5. Upholding the Validity of State Protection: *Goldstein v. California***

In *Goldstein v. California*,<sup>56</sup> the court examined whether states could protect pre-1972 sound recordings (via criminal statutes or common law) or whether such protection was necessarily pre-empted by federal law.<sup>57</sup> If the court found that federal law had exclusive jurisdiction over the protection of sound recordings, then states would be prohibited from extending protection to pre-1972 sound recordings.<sup>58</sup> However, the court found that the Constitution's grant to Congress of the power to protect copyrights was nonexclusive; thus, the states retained the right to protect copyright as long as the protection has not been specifically pre-empted by Congress.<sup>59</sup> Here, because Congress had declined to protect sound recordings prior to 1972, the states could afford such protection. The court therefore upheld California's antipiracy law.<sup>60</sup> In addition to upholding a state's right to enact criminal penalties prohibiting the unauthorized duplication of sound recordings, *Goldstein* validated all forms of state law protec-

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<sup>50</sup> See *infra* Part I.B (discussing the state criminal statutes).

<sup>51</sup> See Schwartz, *supra* note 2, at 628 (stating that lawmakers estimated piracy to be a \$100 million-a-year business).

<sup>52</sup> Act of Oct. 15, 1971, Pub. L. No. 92-140, 85 Stat. 391.

<sup>53</sup> *Id.*

<sup>54</sup> *Id.* at 629.

<sup>55</sup> 412 U.S. 546 (1973).

<sup>56</sup> *Id.*

<sup>57</sup> Biribauer, *supra* note 5, at 606.

<sup>58</sup> See *id.* at 607.

<sup>59</sup> *Id.*

<sup>60</sup> *Goldstein*, 412 U.S. at 571; see also Biribauer, *supra* note 5, at 607.

tion for pre-1972 sound recordings.<sup>61</sup> Thus, states could extend both statutory protection via unauthorized-distribution criminal laws and common law remedies under common law copyright and the doctrine of unfair competition.

## 6. Current State Law Remedies for Pre-1972 Sound Recordings

Post *Goldstein v. California*, owners of sound recordings fixed prior to 1972 must look exclusively to state law for copyright protection for sound recordings. Indeed, the current Copyright Act specifically acknowledges that state law protection for pre-1972 sound recordings is not pre-empted by federal law.<sup>62</sup> Almost all states have now extended some form of protection for pre-1972 sound recordings.<sup>63</sup> States may protect sound recordings by criminal statutes (e.g., unauthorized-distribution laws), by civil statutes, or through common law theories such as common law copyright and the doctrine of unfair competition (along with its relative, the doctrine of misappropriation).<sup>64</sup> While these protections have accrued over time, they are cumulative rather than exclusive (i.e., state unauthorized-distribution laws do not displace or exclude common law rights). However, different states have enacted different laws, and different state courts have applied common law theories in various ways, making a state-by-state review necessary for owners and potential users of pre-1972 sound recordings. This report examines 10 states to discover commonalities and differences among the states in terms of protection afforded pre-1972 sound recordings.

### B. Criminal Antipiracy Statutes

As noted above, nearly every state has adopted criminal statutes prohibiting the unauthorized duplication, or pirating, of sound recordings fixed prior to February 15, 1972.<sup>65</sup> This section provides a general overview of some of the commonalities and differences among the criminal statutes of the 10 states selected for examination. It also discusses some of the defenses available under some of the statutes. Part II of this report features a more in-depth discussion of each of the 10 states.<sup>66</sup>

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<sup>61</sup> See Biribauer, *supra* note 5, at 641 (“[T]he full impact of Goldstein lies primarily in its apparent precedent-breaking approval of state laws, common or statutory, which extend full copyright protection to those writings not subject to a federal copyright.”).

<sup>62</sup> 17 U.S.C. § 301(c).

<sup>63</sup> See Diamond, *supra* note 14, at 349 (stating that 49 states have antipiracy laws).

<sup>64</sup> See Biribauer, *supra* note 5, at 611 (listing additional common law remedies as including right of privacy or publicity, interference with contractual or employment relations, injury to reputation, and moral rights).

<sup>65</sup> See *supra* note 63 and accompanying text.

<sup>66</sup> See *infra* Part II.

## 1. Commonalities

Individual states began to pass criminal unauthorized-duplication, or antipiracy, statutes in response to the emergence of new technologies in the entertainment field that significantly increased the ease of sound recording duplication. Nearly all states have such laws at this point.<sup>67</sup> An examination of the 10 states selected for this report demonstrates significant similarities in statutory language, requisite requirements of commercial intent, and the presence of at least some statutory exemptions.

New York and California appear to have passed the first two criminal statutes—in 1967 and 1970, respectively.<sup>68</sup> Other states began to follow suit after the *Goldstein v. California* decision validated the state law protection.<sup>69</sup> In 1971, for example, Arkansas, Tennessee, Arizona, Florida, Texas, and Pennsylvania enacted unauthorized-distribution laws.<sup>70</sup> According to one commentator, “[A]ll of the acts, while varying in details, show the influence of the New York and California statutes.”<sup>71</sup> Indeed, the statutory language of the 10 states examined in this report bears striking similarities to the original New York and California language. The original New York statute made it illegal to:

“knowingly transfer or cause to be transferred any sounds recorded on a phonograph record, disc, wire, tape, film, or other article on which sounds are recorded, with intent to sell, or cause to be used for profit through public performance, such article on which sounds are transferred without the consent of the owner.”<sup>72</sup>

Each of the 10 states has similar requirements of knowledge and lack of consent of the owner.<sup>73</sup> Even more important, the statutes in all 10 states contain explicit language stating that the unauthorized use must be made with “intent to sell,” for “commercial profit,” or some other language indicating a commercial nature to the unlawful activity.<sup>74</sup>

<sup>67</sup> See *supra* Part I.A (discussing the history behind state law protection of sound recordings).

<sup>68</sup> See Sparkman, *supra* note 48, at 119 (describing the passage of the New York and California laws as a response to the eroding influence of the *Sears* and *Compco* cases).

<sup>69</sup> See *supra* note 63 and accompanying text.

<sup>70</sup> Sparkman, *supra* note 68, at 120.

<sup>71</sup> *Id.*

<sup>72</sup> *Id.* at 119 (citing N.Y. PENAL LAW § 441-c 1. (McKinney 1967)).

<sup>73</sup> See, e.g., 720 ILL. COMP. STAT. 5/16-7 (criminalizing acts by a person when he “[i]ntentionally, knowingly or recklessly transfers or causes to be transferred without the consent of the owner. . . .”); N.Y. PENAL LAW § 275.05 (“Knowingly, and without the consent of the owner, transfers or causes to be transferred any sound recording . . .”). For the statutory language of all 10 states, see *infra* Part II—State Statutes.

<sup>74</sup> See, e.g., CAL. PENAL CODE § 653h (making it illegal for a person to “[k]nowingly and willfully transfers or causes to be transferred any sounds that have been recorded on a phonograph record, disc, wire, tape, film or other article on which sounds are recorded, with intent to sell or cause to be sold, or to use or cause to be used for commercial advantage or private financial gain through public performance, the article on which the sounds are so transferred, without the consent of the owner.”) (emphasis added); N.Y. PENAL LAW § 275.05 (“Knowingly, and without the consent of the owner, transfers or

Furthermore, all the states now contain an exemption for broadcasters transferring sounds for purposes of transmission. Other statutory exemptions provided in state law are less uniform in content, as discussed immediately below.

## 2. Differences

Although the criminal statutes of the 10 examined states show significant similarities, particularly in statutory language, there are differences among them. A comparison of the states (examined in-depth in Part II) exposes some of the general categories of differences between them, such as (1) differences in the statutory exemptions provided, (2) the presence in some states of elements that may not require commercial intent, and (3) the presence in some states of criminal statutes related to, but distinct from, the unauthorized duplication or piracy laws.

The statutory exceptions for broadcasters present in all the state statutes analyzed already have been noted; only one state (North Carolina) has updated this provision to provide explicitly for Webcasters as well.<sup>75</sup> A few of the states provide more far-reaching exemptions. Four of the ten states specifically exempt personal use;<sup>76</sup> only two (California and Florida) expressly exempt nonprofit institutions—and even those must meet certain criteria.<sup>77</sup> Additionally, while most state's statutes feature language requiring intent to sell for commercial advantage (or words similar in effect), statutes in two of the states (Alabama and New Jersey) contain provisions where the commercial intent element is absent or at least unclear.<sup>78</sup> The states

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causes to be transferred any sound recording, *with intent to rent or sell, or cause to be rented or sold for profit, or used to promote the sale of any product, such article to which sound recording was transferred.*") (emphasis added).

<sup>75</sup> North Carolina's broadcaster exemption now explicitly covers Webcasters as well. N.C. GEN. STAT. § 14-433(c).

<sup>76</sup> See FLA. STAT. § 540.11(6)(b); N.J. STAT. ANN. § 2C:21-21(f)(2); N.Y. PENAL LAW § 275.45; OHIO REV. CODE ANN. § 1333.52(C)(2).

<sup>77</sup> See CAL. PENAL CODE § 653h(h) (providing an exemption for "any not-for-profit educational institution or any federal or state governmental entity, if the institution or entity has as a primary purpose the advancement of the public's knowledge and the dissemination of information regarding America's musical cultural heritage, provided that this purpose is clearly set forth in the institution's or entity's charter, bylaws, certificate of incorporation, or similar document, and the institution or entity has, prior to the transfer, made a good faith effort to identify and locate the owner or owners of the sound recordings to be transferred and, provided that the owner or owners could not be and have not been located."); FLA. STAT. § 540.11(6)(c) (exempting institutions if they meet four criteria: "1) The primary purpose of the institution or entity is the advancement of the public's knowledge and the dissemination of information; 2) Such purpose is clearly set forth in the institution's or entity's charter, bylaws, certificate of incorporation, or similar document; 3) Prior to the transfer of the sounds, the institution or entity has made a good faith effort to identify and locate the owner or owners of the articles to be transferred; 4) Despite good faith efforts, the owner or owners have not been located.")

<sup>78</sup> See ALA. CODE § 13A-8-81(a)(3) (1975) ("It shall be a felony for any person to ... (3) [m]anufacture, distribute, transport or wholesale any article with the knowledge that the sounds or performances are so transferred without consent of the owner."); N.J. STAT. ANN. § 2C:21-21(c)(2) ("A person commits an offense who .... (2) [k]nowingly transports, advertises, sells, resells, rents, or offers for rental, sale or resale, any sound recording or audiovisual work that the person knows has been produced in violation

also vary slightly according to how they determine the category of offense and the severity of the sanctions involved in infringement.<sup>79</sup>

While each of the 10 states has promulgated an unauthorized-distribution statute, some of them have also enacted other related statutes. For example, Ohio has enacted a criminal simulation statute: “No person, with purpose to defraud, or knowing that the person is facilitating a fraud shall do any of the following . . . 2) [p]ractice deception in making, retouching, editing, or reproducing any photograph, movie film, video tape, phonograph record, or recording tape.”<sup>80</sup> Many of the states also have “labeling laws” that require disclosure of the manufacturer of the recording. Some states incorporate this directly in the text of the unauthorized-distribution statute,<sup>81</sup> while others have a separate provision.<sup>82</sup>

### 3. Potential Defenses

There are essentially two types of possible defenses to the unauthorized-distribution statutes of the 10 states: (1) express statutory exemptions, and (2) possible defenses that seem implicit in the statutory language, such as noncommercial use or use with the consent of the owner.

As noted above, statutes exist that contain exceptions for broadcasting, personal use, and (in two instances) for qualified nonprofit entities.<sup>83</sup> To claim the nonprofit exemptions, however, the institutions must meet four criteria in both Florida and California: “1) The primary purpose of the institution or entity is the advancement of the public's knowledge and the dissemination of information; 2) Such purpose is clearly set forth in the institution's or entity's charter, bylaws, certificate of incorporation, or similar document; 3) Prior to the transfer of the sounds, the institution or entity has made a good faith effort to identify and locate the owner or owners of the articles to be transferred; 4) Despite good faith efforts, the owner or owners

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of this act.”).

<sup>79</sup> Some states provide stiffer penalties or fines than others. Compare 720 ILL. COMP. STAT. § 5/16-7(c)(1) (providing a fine of up to \$100,000 for the unauthorized duplication of between 100 and 1,000 unidentified sound recordings), with N.J. STAT. ANN. § 2C:21-21(d)(2) (setting forth a fine up to \$150,000 for the duplication of between 100 and 1,000 sound recordings).

<sup>80</sup> OHIO REV. CODE ANN. § 2913.32.

<sup>81</sup> See, e.g., N.J. STAT. ANN. § 2C:21-21(c)(4) (“A person commits an offense who . . . (4) [f]or commercial advantage or private financial gain, knowingly advertises or offers for sale . . . a sound recording or audiovisual work or possesses with intent to advertise, sell, resell, rent or transport any sound recording or audiovisual work, the label, cover, box or jacket of which does not clearly and conspicuously disclose the true name and address of the manufacturer, and, in the case of a sound recording, the name of the actual performer or group.”).

<sup>82</sup> See, e.g., CAL. PENAL CODE § 653w(a) (“A person is guilty of failure to disclose the origin of a recording or audiovisual work when, for commercial advantage or private financial gain, he or she knowingly advertises or offers for sale . . . any recording or audiovisual work, the cover, box, jacket, or label of which does not clearly and conspicuously disclose the actual true name and address of the manufacturer thereof and the name of the actual author, artist, performer, producer, programmer, or group.”).

<sup>83</sup> CAL. PENAL CODE § 653h(h); FLA. STAT. § 540.11(6)(c).

have not been located.”<sup>84</sup>

In addition to the express statutory exemptions, the inclusion in state criminal statutes of language requiring the presence of commercial intent as a prerequisite for finding a violation implicitly suggests that noncommercial uses would be permitted. As noted above, each of the 10 states surveyed contains language such as “intent to sell”<sup>85</sup> or “for commercial advantage or private financial gain.”<sup>86</sup> This language reflects the “antipiracy” purpose of the statutes.<sup>87</sup> Noncommercial uses inherently fail to pose the same commercial threat to owners of sound recordings that prompted the passage of such statutes.

The word “commercial,” however, is subject to a multitude of interpretations. In the context of nonprofit institutions, an institution may receive commercial advantage through a number of ways—publicity, sales, or name recognition—even though its ultimate goal is not a monetary profit. It is also possible that not having to pay a license for use of a copyrighted material could be construed as commercial advantage, since the institution is better off than if it had paid for the material. As the Supreme Court has noted, “The crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.”<sup>88</sup> The uncertainties surrounding the commercial/noncommercial distinction are discussed below, particularly in connection with the survey of New York state law.

Nevertheless, the Ninth Circuit Court of Appeals, in a discussion of the meaning of “commercial advantage” under California’s unauthorized-distribution law, held that a prerequisite of “commercial advantage” appeared designed “to except not only free distribution of anonymous materials, but sale under certain conditions, as when one urging a point of view sells the record or tape to cover its cost.”<sup>89</sup> Overall, there seems to be a dearth of case law relating directly to the scope of permitted noncommercial use.

Finally, each of the states requires the infringer to “knowingly” use the sound recordings “without the consent of the owner.” Thus, potential infringers may escape liability by asserting either that they did not knowingly duplicate the sound recording or that they did so with the consent of the owner.

<sup>84</sup> FLA. STAT. § 540.11(6)(c). The requirements under CAL. Penal Code § 653h(h) are the same. See *supra* note 77.

<sup>85</sup> See, e.g., N.J. STAT. ANN. § 2C:21-21(c)(1) (criminalizing transfers of recordings “with intent to sell the sound recording”).

<sup>86</sup> See, e.g., WIS. STAT. § 943.207(1)(a) (making it illegal to transfer sound recordings “with intent to sell or rent the recording into or onto which such sounds are transferred for commercial advantage or private financial gain”) (emphasis added).

<sup>87</sup> See *supra* Part I.A (detailing the history and purpose of state criminal unauthorized-distribution statutes, and specifically noting the fact that states enacted such legislation in response to increases in record piracy).

<sup>88</sup> *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 562 (1985) (citing *Roy Export Co. Establishment v. Columbia Broad. Sys., Inc.*, 503 F. Supp. 1137, 1144 (D.C.N.Y., 1980)); 3 Nimmer § 13.05[A][1], at 13-71, n. 25.3.

<sup>89</sup> *Anderson v. Nidorf*, 26 F.3d 100, 104 (9th Cir. 1994); see also *Murdock v. Pennsylvania* 319 U.S. 105, 111 (1943) (holding that the sale of religious literature does not convert religious activity into a commercial enterprise).

### C. Civil Statutes

Half of the states chosen for examination feature some manner of civil statute that potentially affects the use of pre-1972 sound recordings.<sup>90</sup> These statutes generally fall into one of two categories: (1) statutes conferring a civil private right of action for violations of the state's criminal unauthorized-distribution act; or (2) statutes codifying or drawing upon common law remedies, such as common law copyright, unfair competition, and misappropriation.<sup>91</sup>

Both Alabama and North Carolina allow private parties to institute causes of action against violators of the unauthorized-distribution laws of those states.<sup>92</sup> Alabama Code § 13A-8-85 allows the owner or producer of any sound recording to bring a civil cause of action against anyone who violates the unauthorized-distribution provisions of § 13A-8-81 through § 13A-8-84.<sup>93</sup> North Carolina Gen. Stat. Ann. § 14-436 similarly provides a right of action to the owner of a work violated in the antipiracy statutes of North Carolina.<sup>94</sup> North Carolina's statute allows the owner to receive actual, compensatory, and incidental damages.<sup>95</sup> Alabama's statute goes even further, allowing the owner to recover punitive damages of up to three times the cost of production of the original work.<sup>96</sup> Defenses would likely include a demonstration that the defendant's use did not violate the relevant provisions of the state unauthorized-distribution laws. For example, if noncommercial use would be a defense to the criminal statute, then it would seem to also be a defense to the civil action.

The codification or inclusion of common law theories comprises the second category of civil statutes affecting sound recordings. Four of the ten states surveyed have passed civil statutes that in some manner incorporate common law copyright, the doctrine of unfair competition, or its relative, the doctrine of misappropriation.

Two states surveyed (California and North Carolina) have civil statutes that address or affect common law copyright in those states.<sup>97</sup> However, while California essentially codifies the traditional view of common law copyright (i.e., the right of first publication), North Carolina's statute significantly restricts common law copyright protections. California Civil Code § 980 provides that the owner of a pre-1972 sound recording holds exclusive rights to the recording until the publication of that work.<sup>98</sup> California cases seem to define publication somewhere between limited public dissemination and widespread commercial distribution.<sup>99</sup> North Carolina Gen.

<sup>90</sup> Alabama, California, Illinois, North Carolina, and Ohio.

<sup>91</sup> A number of states have civil statutes protecting the right to publicity or privacy. These are discussed later in this section. *See infra* Part I.E (Right to Publicity).

<sup>92</sup> ALA. CODE § 13A-8-85 (1975); N.C. GEN. STAT. § 14-436.

<sup>93</sup> ALA. CODE § 13A-8-85.

<sup>94</sup> N.C. GEN. STAT. § 14-436.

<sup>95</sup> *Id.*

<sup>96</sup> ALA. CODE § 13A-8-85.

<sup>97</sup> CAL. CIV. CODE § 980; N.C. GEN. STAT. § 66-28.

<sup>98</sup> CAL. CIV. CODE § 980.

<sup>99</sup> *See infra* Part II—California § 3(a) (discussing CA Civil Code § 980).

Stat., meanwhile, expressly provides that common law copyright extinguishes upon any commercial sale of the work in the state.<sup>100</sup> North Carolina passed this statute in response to the *Waring* case,<sup>101</sup> where the court had recognized a continuing interest in common law copyright in sound recordings.<sup>102</sup> North Carolina acted to abolish “any common law rights in recorded performances that might otherwise have survived the sale of the phonograph record.”<sup>103</sup> Defenses to these common law statutes include a claim that the work has been published. In North Carolina, a defendant would merely have to show that the work had been commercially sold in the state. In California, however, the defendant should argue that the commercial distribution has been fairly widespread.

California, Illinois, North Carolina, and Ohio have enacted statutes reflecting the unfair competition or misappropriation claims of those states.<sup>104</sup> Illinois and Ohio both feature statutes that essentially combine unfair competition and deceptive trade practices. Under § 815 ILL. COMP. STAT. 510/2, a plaintiff need not demonstrate either that the parties are competitors or the existence of actual confusion.<sup>105</sup> The plaintiff can prevail based upon a showing that the defendant engaged in one of several acts that can be summarized as acts that pass off the plaintiff’s goods, are likely to cause confusion, or in some way deceive the public about the source or quality of the goods.<sup>106</sup> Similarly, the central element under Ohio Rev. Code § 4165.02 is the likelihood of confusion.<sup>107</sup> North Carolina creates a cause of action for unfair competition where the defendant uses “unfair methods of competition in or affecting commerce,” or “unfair or deceptive acts or practices in or affecting commerce.”<sup>108</sup> However, North Carolina’s statute specifically exempts acts done by publishers, owners, agents, or employees of a newspaper, periodical, or radio or television station when there is no direct financial interest.<sup>109</sup> These types of

<sup>100</sup> See N.C. GEN. STAT. § 66-28 (“When any phonograph record or electrical transcription, upon which musical performances are embodied, is sold in commerce for use within this State, all asserted common-law rights to further restrict or to collect royalties on the commercial use made of such recorded performances by any person is hereby abrogated and expressly repealed. When such article or chattel has been sold in commerce, any asserted intangible rights shall be deemed to have passed to the purchaser upon the purchase of the chattel itself, and the right to further restrict the use made of phonograph records or electrical transcriptions, whose sole value is in their use, is hereby forbidden and abrogated.”).

<sup>101</sup> See *Waring v. WDAS Broad. Station*, 327 Pa. 433, 194 A. 631 (1937); *Waring v. Dunlea*, 26 F. Supp. 338 (E.D.N.C. 1939).

<sup>102</sup> See Sidney A. Diamond, *Copyright Problems of the Phonograph Record Industry*, 15 VAND. L. REV. 419, 431 (1962).

<sup>103</sup> See *id.* (noting that South Carolina and Florida passed similar statutes). It should be noted, however, that *Waring* dealt with broadcast performance, so some questions may remain about its affect on unauthorized reproduction.

<sup>104</sup> CAL. BUS. & PROF. CODE § 17200; 815 ILL. COMP. STAT. 510/2; N.C. GEN. STAT. § 75-1.1; OHIO REV. CODE ANN. §§ 1333.62, 4165.02.

<sup>105</sup> 815 ILL. COMP. STAT. 510/2.

<sup>106</sup> *Id.*

<sup>107</sup> OHIO REV. CODE ANN. § 4165.02.

<sup>108</sup> N.C. GEN. STAT. § 75-1.1.

<sup>109</sup> See N.C. GEN. STAT. § 75-1.1(c) (“Nothing in this section shall apply to acts done by the publisher, owner, agent, or employee of a newspaper, periodical or radio or

provisions would not seem to pose much of a problem for nonprofit institutions seeking to use pre-1972 sound recordings as there is no real competition between them and the owners, nor would there be a likelihood of confusion. California, meanwhile, defines “unfair competition” to be “any unlawful, unfair, or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising as prohibited by Chapter 1 of Part 3 of Division 7 of the Business and Professions Code.”<sup>110</sup>

Potential defenses to the unfair competition or deceptive trade practice statutes vary according to the specific provisions of each state. However, generally speaking, because most of these statutes reflect attempts to avoid likelihood of confusion, defendants may be able to escape liability by demonstrating that their use of the sound recordings would in no way cause confusion in the public about the source or quality of the recording. These statutes also seem focused on the prevention of commercial harm, so defendants would have to show that their use does not harm the original owner in any way.

## D. Nonstatutory Causes of Action

### 1. Common Law Copyright

Common law copyright protects an author’s rights to an intellectual creation prior to the publication of that work; thus, common law copyright is often called “the right of first publication.”<sup>111</sup> Therefore, an owner of a recording can, on the basis of the common law copyright, prohibit the unauthorized use of the recordings prior to their publication.<sup>112</sup> The important question for common law copyright thus becomes, when is a work published?<sup>113</sup> As discussed above in the history section, the majority view initially held the widespread dissemination (i.e., commercial sale) of the work to be a publication.<sup>114</sup> This is the view the federal government holds regarding works fixed after 1978.<sup>115</sup>

In *Goldstein v. California*, the Supreme Court held that the

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television station, or other advertising medium in the publication or dissemination of an advertisement, when the owner, agent or employee did not have knowledge of the false, misleading or deceptive character of the advertisement and when the newspaper, periodical or radio or television station, or other advertising medium did not have a direct financial interest in the sale or distribution of the advertised product or service.”).

<sup>110</sup> CAL. BUS. & PROF. CODE § 17200.

<sup>111</sup> Biribauer, *supra* note 5, at 612-13; *see also* Ringer, *supra* note 5, at 11 (“A common law copyright confers complete protection against unauthorized use, and this protection ordinarily lasts as long as the work remains unpublished.”); Schrader, 693 (noting that common law copyright protects an author’s work in the same way that the common law protects physical property from being stolen).

<sup>112</sup> Biribauer, *supra* note 5, at 613.

<sup>113</sup> Ringer, *supra* note 5, at 14.

<sup>114</sup> *Id.* at 14-15

<sup>115</sup> *See* 1-4 *Nimmer on Copyright* § 4.06[A][1] (“The public distribution of [a post-1978] phonorecord constitutes a publication of the sound recording embodied therein.”).

“publication” of a sound recording is a matter left to the states to decide.<sup>116</sup> Therefore, anyone desiring to use a pre-1972 sound recording must examine the relevant state’s common law for how that state defines publication. The states surveyed for this report differ on this matter. Some states, such as North Carolina and Ohio, have retained the initial view that any commercial sale or public distribution amounts to a publication.<sup>117</sup>

However, other states examined for this study, such as Florida and New York, have greatly increased the threshold for finding that publication of the work has occurred. In *CBS, Inc. v. Garrod*,<sup>118</sup> a Florida court stated that “because of the unique nature of the recording business, and the fact that there was no simple method of protecting record producers’ interests until phono-records were protected by the Sound Recording Act of 1972 ... [the plaintiff] did not lose its common law copyright through publication *by distribution of its records*.”<sup>119</sup> The recent *Naxos* case<sup>120</sup> demonstrates that New York has perhaps extended this idea that distribution does not amount to publication. There, the court held that the works in issue (1930s-era sound recordings) were unpublished despite the fact that the recordings had been commercially available since the 1930s.<sup>121</sup>

The defense to a claim of infringement of a common law copyright would thus seem to be a claim that the original work has indeed been published, and that the common law copyright protections have therefore been extinguished. However, considering the disparity between how state courts determine the matter, a nonprofit institution may prevail in one state by simply showing that the work in question has been sold in the state, but fail if it presented that same argument in another state. Therefore, nonprofit organizations hoping to use pre-1972 sound recordings should examine the particular laws of the states that may have rights to the work in question.<sup>122</sup> It should be noted that different jurisdictions may have claims on the same work. For example, Capitol Records asserted its common law copyright to sound recordings in New York, even though the recordings had been produced in the United Kingdom, where they had already entered the public domain.<sup>123</sup>

<sup>116</sup> Biribauer, *supra* note 5, at 618, 622.

<sup>117</sup> North Carolina has codified common law copyright into N.C. GEN. STAT. § 66-28. Publication occurs when the work is sold in commerce. *See supra* Part I.C (discussion of civil statutes). Regarding Ohio, commentary in dicta of a state court opinion suggests that public performance constitutes publication. *See Zacchini v. Scripps-Howard Broad. Co.*, 351 N.E.2d 454 (1976) (“[T]o employ doubtful logic to hold that public performances do not constitute a publication would terminate the [common law copyright], would be to grant a perpetual right against copying ... which would be even greater than the protection accorded patents or statutory copyrights.”).

<sup>118</sup> 622 F. Supp. 532, 534-35 (D.C. Fla. 1985).

<sup>119</sup> *Id.* at 535.

<sup>120</sup> *Capitol Records, Inc. v. Naxos of Am., Inc.*, 830 N.E.2d 250 (N.Y. 2005).

<sup>121</sup> *See id.* at 560 (finding that public sale “was not sufficient to divest the owner of common law copyright protection”).

<sup>122</sup> *See infra* Part II for a more in-depth consideration of each of the 10 states selected for examination, including a discussion of each state’s common law copyright.

<sup>123</sup> *Capitol Records, Inc. v. Naxos of Am., Inc.*, 830 N.E.2d 250 (N.Y. 2005).

Finally, we note that a major unanswered question concerning the application of common law copyright to sound recordings is the availability of limitations and exceptions that might operate to the benefit of nonprofit cultural institutions. Such limitations and exceptions, were they to apply, might parallel in operation the federal copyright doctrine of “fair use.”

## 2. The Doctrine of Unfair Competition/ Misappropriation

Almost all of the states examined for this study have some form of the doctrine of unfair competition that could potentially extend to protection of sound recordings. However, most of these laws focus on the likelihood of confusion that may result when one party appropriates an asset of another; thus, in most cases, nonprofit institutions will likely be able to avoid claims of unfair competition, as their use of pre-1972 sound recordings will be unlikely to cause any confusion as to the source of the work.

The doctrine of unfair competition “recognizes a property right in business assets which have been acquired by the expenditure or investment of money, skill, time, and effort.”<sup>124</sup> Historically, in order to prevail on a claim of unfair competition, a plaintiff had to prove three elements: (1) competition between the parties; (2) the defendant’s appropriation of the valuable business asset of the plaintiff; and (3) the fraudulent passing off or palming off by the defendant of the plaintiff’s appropriated asset, such that consumers would be confused as to the source of the good.<sup>125</sup> However, many state courts have gradually expanded the scope of the doctrine, to the point that some courts will not require one or two of the three elements described above. The laws of the states examined in this study seem to fall in one of two categories: (1) unfair competition based on misrepresentation, palming off, deception, and creation of a likelihood of confusion; or (2) unfair competition based on misappropriation and commercial harm (where palming off is not required). In practice, these two categories are potentially cumulative and closely related, and the differences between them can be overstated. Confusion is often, in itself, a source of commercial harm. Perhaps the most that can be said, at this level of generality, is that for the proof of unfair competition some states always require some demonstration of deception, while others do not.

Some state laws seem to focus primarily on the prevention of public deception or confusion. Massachusetts, for example, requires plaintiffs to demonstrate that they are in the same trade as defendants, that the defendants’ actions have led to actual or probable deception of the public, and that those actions have caused harm.<sup>126</sup> Illinois’ Uniform Deceptive Trade Practices Act effectively codified

<sup>124</sup> Ringer, *supra* note 5, at 11.

<sup>125</sup> Biribauer, *supra* note 5, at 623-24.

<sup>126</sup> See *Uproar Co. v. Nat’l Broad. Co.*, 8 F. Supp. 358 (1934) (holding that the publication of a radio script by a third party constituted unfair competition).

the common law unfair competition doctrine in Illinois.<sup>127</sup> Both the Uniform Deceptive Trade Practices Act and Illinois' common law misappropriation doctrine seek to prevent behavior that will create a likelihood of confusion.<sup>128</sup>

Other states seem to focus more on preventing commercial harm to the owner of the business asset without referencing likelihood of confusion or deception. Both Florida and Wisconsin set forth the following three elements in an unfair competition claim: (1) time, labor, and money expended in the creation of the thing misappropriated; (2) competition; and (3) commercial damage to the plaintiff.<sup>129</sup> The Wisconsin Supreme Court noted, "The essence of the cause of action in misappropriation is the defendant's use of the plaintiff's product, into which the plaintiff has put time, skill, and money; and the defendant's use of the plaintiff's product or a copy of it in competition with the plaintiff and gaining an advantage in that competition because the plaintiff, and not the defendant, has expended the energy to produce it. *The wrong is not in the copying, but in the appropriation of the plaintiff's time, effort, and money.*"<sup>130</sup> In *CBS, Inc. v. Garrod*, a federal court applying Florida law held that a plaintiff need not demonstrate that the defendant had engaged in palming off of the plaintiff's product; the plaintiff must simply show that the misappropriation capitalizes off of the time, energy, and labor of the plaintiff, thus causing commercial damage to the plaintiff who is competing with the defendant.<sup>131</sup> California has similarly held that defendants may be held liable for unfair competition without showing palming off.<sup>132</sup> Indeed, California has applied unfair competition in cases even where the work no longer had state common law copyright protection.<sup>133</sup>

Under the theories of these states, nonprofit institutions that use pre-1972 sound recordings would most likely not be found to engage in unfair competition. The institutions should demonstrate under these laws that there is no competition and no commercial harm to the owner of the sound recording and that its use does not create a likelihood of confusion. Indeed, many if not most pre-1972 sound

<sup>127</sup> See *supra* Part I.C (discussion of civil statutes).

<sup>128</sup> See *Bonner v. Westbound Records, Inc.*, 364 N.E.2d 570 (Ill. App. Ct. 1977) (explaining that the Illinois Uniform Trade Practices Act provides a remedy where there is a likelihood of confusion regarding the source of a good); *Capitol Records v. Spies*, 264 N.E.2d 874 (Ill. App. Ct. 1970) (finding defendant liable for unfair competition and misappropriation where he appropriated, copied, and sold sound recordings belonging to plaintiff).

<sup>129</sup> See *CBS, Inc. v. Garrod*, 622 F. Supp. 532, 536 (D.C. Fla. 1985); *Mercury Records Prod., Inc. v. Econ. Consultants, Inc.*, 218 N.W.2d 705, 710 (Wis. 1974) (following the elements required in *INS v. Associated Press*).

<sup>130</sup> *Mercury Records*, 218 N.W.2d at 710 (emphasis added).

<sup>131</sup> See *Garrod*, 622 F. Supp. at 535-36 (concluding that the plaintiff can prove the defendant's intent in ways other than palming off).

<sup>132</sup> See *A&M Records v. Heilman*, 75 Cal. App. 3d 554 (Cal. Ct. App. 1977) (holding that defendant's duplication of performances owned by plaintiff constituted unfair infringement because it involved the misappropriation of another's valuable asset, even absent a showing of palming off).

<sup>133</sup> See *Lone Ranger Television, Inc. v. Program Radio Corp.*, 740 F.2d 718 (9th Cir. 1984) (applying CA law) (finding defendant liable for copying and distributing Lone Ranger episodes under an unfair competition theory even though the common law copyright protection was gone).

recordings have likely lost their commercial market viability. If anything, it seems that exposure to these recordings through museums, archives, libraries, or other educational/nonprofit institutions could help the market for the works.

### 3. Conversion

Conversion, as a state law tort-based remedy, generally applies to the unauthorized and wrongful assumption and dominion and control over the *personal* property of another. In most states, conversion claims cover only real property, not intellectual property.<sup>134</sup> Thus, it seems that conversion would only apply to the use of pre-1972 sound recordings by nonprofit institutions if the physical object containing the sound recording were converted.<sup>135</sup> However, several of the states in our survey do have case law that acknowledges a cause of action for conversion of intellectual property.

California, for example, does not seem to follow the general trend. While one California case seems to indicate that a plaintiff's claim of conversion will lie only if the converted object is tangible (and noting that a claim based on reproduction of intangible property will be pre-empted by the Copyright Act),<sup>136</sup> other cases demonstrate that California plaintiffs may claim conversion of intangible property, such as a sound recording.<sup>137</sup>

Florida has a conversion cause of action for "wrongful taking of intangible interests in a business venture." In *CBS, Inc. v. Garrod*,<sup>138</sup> the court granted the plaintiff's motion for summary judgment on the claim of conversion, holding that the defendant's bootlegging of CBS records amounted to a wrongful taking of intangible interests in a business venture—and that the defendant had thereby unlawfully converted the plaintiff's property.

On the other hand, nonprofit institutions seeking to use pre-1972 sound recordings may be able to avoid claims of conversion in most states (except California and Florida) when they simply use the intangible sound recording.

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<sup>134</sup> See 1 Nimmer § 1.01[B][1][i] (defining conversion as involving interference of *tangible* property).

<sup>135</sup> See, e.g., *Video Pipeline, Inc. v. Buena Vista Home Entm't., Inc.*, 275 F. Supp. 2d 543 (D.N.J. 2003) (finding conversion because defendant took the physical copies of the plaintiff's movie trailers); *Flamingo Telefilm Sales v. United Artists*, 265 N.Y.S.2d 444 (N.Y. App. Div. 1965) (concluding that defendant converted the physical print of plaintiff's work).

<sup>136</sup> See *Firoozye v. Earthlink Network*, 153 F. Supp. 2d 1115 (N.D. Cal. 2001) (holding that a claim of conversion typically only involves tangible property).

<sup>137</sup> See, e.g., *Am. Bankers Mortgage Corp. v. Fed. Home Mortgage Loan*, 75 F.3d 1401 (9th Cir. 1999) (stating that a claim for conversion survives even if the allegedly converted property is intangible); *Lone Ranger Television*, 740 F.2d at 725 (finding that Lone Ranger TV would have an intangible property interest in the performances on tape from the time of its recording); *A & M Records*, 75 Cal. App. 3d at 570 ("Such misappropriation and sale of the intangible property of another without authority from the owner is conversion.").

<sup>138</sup> *CBS, Inc. v. Garrod*, 622 F. Supp. 532, 536 (D.C. Fla. 1985).

## E. Right of Publicity

Another area of the law that could theoretically be invoked against the use of sound recordings would be the right of publicity. Most of the states examined for this study have a statutory right of publicity, a common law right of publicity, or both. Usually, the right to publicity (sometimes referred to the “right to privacy” or “invasion of privacy”) prohibits the unauthorized commercial use or exploitation of some part of a person’s “identity,” “persona,” or “likeness.” Some states mention only that there can be no commercial use of the name, picture, or portrait of a person, while others include voice as well. States protect this right by statute, common law, or a combination of the two.

Nonprofit institutions using pre-1972 sound recordings will likely not encounter problems with right to publicity claims. As discussed below, generally, the right to publicity focuses on the commercial exploitation of someone’s likeness or identity. Thus, nonprofit institutions may be able to avoid liability provided they can show that they are not commercially profiting from the use. Further, few of the states specifically include voice within the sphere of right to publicity protection—and those states have been hesitant to find violations based on the use of voice alone.<sup>139</sup>

### 1. Statutory Right of Publicity

Seven of the states chosen for examination have statutes conferring a right to publicity or an analogous right.<sup>140</sup> Some of the statutes, such as Ohio’s, tend to be vague about what exactly the statute prohibits. Ohio’s statute provides that “a person shall not use any aspect of an individual’s persona for a commercial purpose.”<sup>141</sup> It is uncertain whether a voice captured in a sound recording would constitute an “aspect of an individual’s persona.” Other states are more explicit. Wisconsin’s Right of Privacy law, for instance, prohibits “the use, for advertising purposes or for purposes of trade, the name, portrait or picture of any living person.”<sup>142</sup> Massachusetts similarly prohibits the unauthorized use of name, portrait, or picture.<sup>143</sup> Under such a statute, it seems fairly clear that a nonprofit organization would not violate the right to privacy by the use of a sound recording that contains a voice outside of advertising or trade.

<sup>139</sup> See CAL. CIV. CODE § 3344(e) (clarifying that the use of one’s voice in a commercial medium does not per se violate the statute unless the plaintiff can show that the voice is so connected with the advertising that consent should be required); see also *Oliveira v. Frito-Lay, Inc.*, 1997 WL 324042 (S.D.N.Y. 1997) (concluding that the use of one’s voice alone does not violate NY Civil Rights Law § 51 because the statute is meant to prohibit the use of the portrait or picture of an individual).

<sup>140</sup> CAL. CIV. CODE § 3344 (California); FLA. STAT. § 540.08 (Florida); 765 ILL. COMP. STAT. 1075/1 (Illinois); MASS. GEN. LAWS ch. 214 § 3A (Massachusetts); N.Y. CIV. RIGHTS LAW §§ 50, 51 (New York); OHIO REV. CODE ANN. § 2741 (Ohio); WIS. STAT. § 895.50 (Wisconsin).

<sup>141</sup> OHIO REV. CODE ANN. § 2741.

<sup>142</sup> WIS. STAT. § 895.50(b).

<sup>143</sup> MASS. GEN. LAWS ch. 214 § 3A.

New York and California feature statutes that do include voice. California's law, for instance, prohibits the knowing use of "another's name, voice, signature, photograph, or likeness, in any manner, on or in products, merchandise, or goods, or for purposes of advertising or selling, or soliciting purchases of, products, merchandise, goods, or services, without such person's prior consent."<sup>144</sup> New York's law provides a right of action to "any person whose name, portrait, picture or voice is used within [New York] for the purposes of trade."<sup>145</sup> However, in *Oliviera v. Frito-Lay*, a New York court held that the use of voice alone was not actionable under the statute.<sup>146</sup> Despite the inclusion of voice within these two state statutes, both states still require the connection between the unauthorized use of the voice and a commercial or advertising use. Thus, if a nonprofit organization does not use the voice in such a fashion, then it is unlikely that a court would find the institution to be liable.

## 2. Common Law Right of Publicity

Six of the states surveyed feature some form of common law protection for the right to publicity, privacy, or one's likeness. California, Massachusetts, and Ohio have common law doctrines in addition to their statutes, while Illinois effectively replaced its common law doctrine with a right to publicity statute in 1999.<sup>147</sup> Alabama and New Jersey have common law, but not statutory, protections.

Alabama prohibits the commercial misappropriation of one's likeness through the common law right to privacy. A plaintiff bringing such a claim must demonstrate (1) the use of the plaintiff's identity, (2) without the plaintiff's consent, (3) for some commercial benefit to the defendant, and (4) that the plaintiff was damaged as a result.<sup>148</sup> California's common law right to privacy shares these elements.<sup>149</sup> New Jersey similarly prohibits the commercialization or exploitation of a name, likeness, or reputation.<sup>150</sup> Massachusetts and Ohio, meanwhile, protect against invasion of privacy by prohibiting the appropriation of one's name, likeness, or personality.<sup>151</sup>

These state common law theories, like the statutory theories discussed previously, focus on the exploitation of someone's identity in a commercial or advertising setting. Thus, as with the statutory laws, nonprofit institutions that use pre-1972 sound recordings will likely

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<sup>144</sup> CAL. CIV. CODE § 3344.

<sup>145</sup> N.Y. CIV. RIGHTS LAW § 51.

<sup>146</sup> See 1997 WL 324042 (S.D.N.Y. 1997) (concluding that the use of one's voice alone does not violate NY Civil Rights Law § 51 because the statute is meant to prohibit the use of the portrait or picture of an individual).

<sup>147</sup> Illinois's statute is 765 ILL. COMP. STAT. 1075/1.

<sup>148</sup> *Minnifield v. Ashcraft*, 903 So. 2d 818 (Ala. Civ. App. 2004).

<sup>149</sup> *Eastwood v. Super. Ct.*, 149 Cal. App. 3d 409 (2d Dist. 1983).

<sup>150</sup> *Arnold Palmer v. Schonhorn Enters.*, 232 A.2d 458 (N.J. Ch. 1967).

<sup>151</sup> See *Minovitch v. Battin*, 2005 WL 2009453, at \*5 (Mass. Super. 2005) (noting the appropriation of a person's name as one form of the invasion of privacy); *Zacchini v. Scripps-Howard Broad. Co.*, 351 N.E.2d 454, 465 (1976) (discussing how invasion of privacy is demonstrated by the appropriation of one's personality).

be able to avoid liability under common law right of publicity/privacy theories by demonstrating that their use of the voice is not in a commercial or advertising setting.

# PART II:

## THE STATES

*Alabama, California, Florida, Illinois, Massachusetts, New Jersey, New York, North Carolina, Ohio, Wisconsin*

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### Alabama

#### 1. History

Alabama has enacted criminal statutes making it a felony to knowingly manufacture, copy, distribute, or wholesale sound recordings without consent of the sound recording's owner. Very little information addressing Alabama's criminal statutes exists. A review of history documented in Alabama's code shows that Alabama amended its criminal statutes in 1989,<sup>152</sup> but the code does not state when Alabama first enacted the code. In 1986, however, Alabama's attorney general issued an opinion regarding procedure under one such statute (see § 13A-8-84 below), which suggests that the statutes were enacted sometime before 1986.

#### 2. Criminal Statutes

##### *a. Sound Recording Statutes*

Article 4 of Alabama's Criminal Code addresses the copying and sale of "recorded devices."<sup>153</sup> The article contains seven provisions addressing sound recordings.<sup>154</sup>

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<sup>152</sup> *Revised Acts* 1989, No. 89-532.

<sup>153</sup> The statute implicitly defines recorded devices as "the original fixation of sounds embodied in the master phonograph record, master disc, master tape, master film or other device used for reproducing recorded sounds on phonograph records, discs, tapes, films, videocassettes or other articles now known or later developed on which sound is recorded and from which the transferred sounds are directly or indirectly derived." *See* ALA. CODE § 13A-8-80.

<sup>154</sup> *See id.* §§ 13A-8-80–85.

**i. ALA. CODE § 13A-8-80**

This section defines “owner” as used in Article 4 to mean a “person who owns, or has the exclusive license ... to reproduce or ... distribute to the public copies of the original fixations of sounds, embodied [in any existing or later device used to reproduce sound recordings], or the person who owns the rights to record or authorize the recording of a live performance.”

**ii. ALA. CODE § 13A-8-81**

Subsection (a)(1) applies only to sound recordings made prior to February 15, 1972, and makes it a felony to reproduce sound recordings for commercial profit; (a)(2) makes it a felony to make sound recordings of live performances for commercial profit. Section (a)(3) prohibits the manufacture, transport, wholesale, or distribution of a sound recording when one does so with the knowledge that the owner did not consent.

Although §§ 13A-8-1 (a)(1) and (a)(2) apply only to persons who transfer sound recordings for commercial advantage, private financial gain, or profit, § (a)(3) of this statute states that it is a felony for any person to “manufacture, distribute, transport or wholesale any article with the knowledge that the sound or performances are so transferred without consent of the owner.” The act does not define “manufacture”; if making a single copy of a sound recording constituted manufacture, then this provision of the statute would seem to preclude all reproductions, regardless of whether the user intended to sell or otherwise profit from the recordings, as long as the reproducer knew he/she were doing so without the owner’s consent. If, however, “manufacture” meant more wide-scale reproduction of sound recordings, then most individual reproductions of a sound recording would seem to be acceptable under Alabama’s statutory law.

Subsection (b) specifically exempts radio or television broadcasters who transfer sound recordings, other than sound recordings from a motion picture sound track, intended for or in connection with a broadcast or telecast transmission, a related use, or for archival purposes. There is no express exemption either for personal use or for use by a nonprofit or educational institution.

**iii. ALA. CODE § 13A-8-82**

This section provides that renting, selling, causing the rent or sale of, or possessing sound recordings for the purpose of selling or renting them is unlawful if the sound recordings were made in violation of Article 4.

**iv. ALA. CODE § 13A-8-83**

This section requires that sound recordings sold, rented, or transferred for commercial advantage or private financial gain, or possessed for sale, rent, or transfer by any manufacturer, distributor, or wholesale or retail merchant, must include a label on the recording’s packaging, giving the name and address of the manufacturer of the recorded material.

**v. ALA. CODE § 13A-8-84**

This section requires state or local police officers to confiscate recording material that violates Article 4, as well as all equipment used or intended to be used to manufacture illegal sound recordings, and to deliver them to the state attorney general or the district attorney in the district where the officers confiscate the items. This section applies even where the sound recording seller lacked knowledge or intent.

The Alabama State Attorney General issued an opinion on this provision in 1986.<sup>155</sup> He explained that any confiscation pursuant to this statute would involve a procedure that provided due process for the person from whom the police confiscated the items.

**vi. ALA. CODE § 13A-8-85**

Section 13A-8-85 provides that if a person illegally reproduces sound recordings in violation of §§ 13A-8-81 through 84, then that person may be civilly, as well as criminally, liable. The owner of the sound recordings or, if applicable, the producer of the sound recordings has a civil cause of action against the person for damages resulting from the illegal reproduction. Damages include actual, compensatory, incidental, and punitive damages. Punitive damages may not be more than three times the cost of producing the illegal reproductions.

***b. Possible Defenses to Statutes***

There appears to be no case law interpreting defenses to these statutes. In addition to the exemption provided in § 13A-8-81(b) of the statute, it seems that consent of the owner would be a possible defense to the statute. The language of § 13A-8-81(a) (1) and (2) suggests that a noncommercial purpose, or purpose that did not involve financial gain, would be a possible defense. Section 13A-8-81(3) requires knowledge that the owner did not consent to the recording. Lack of knowledge, therefore, would serve as a possible defense under this subsection.<sup>156</sup>

**3. Civil Statutes**

Alabama does not have a civil statute addressing sound recordings, although § 13A-8-85 creates a civil cause of action whenever a person illegally reproduces sound recordings in violation of §§ 13A-8-81 through 84. The statute does not elaborate on circumstances under which such a cause of action may arise, and there does not appear to be any case law applying this statute.

<sup>155</sup> 205 Op. Atty. Gen. Ala. 22 (1986).

<sup>156</sup> Knowledge is required under subsections (a)(1) & (a)(2) of § 13A-8-81.

## 4. Nonstatutory Causes of Action

### a. Common Law Copyright

The only Alabama case that discusses common law copyright at any length, *Clay County Abstract Co. v. McKay*, was decided in 1933.<sup>157</sup> *Clay County* involved an action in trespass and in trover. The defendant had possessed the plaintiff's abstract books—two bound volumes of unpublished loose leaves and an index—and made copies of the books; the defendant returned the books, but not the copies. The court held that copying the books was not conversion; rather, it was “invasion of plaintiff's common law copyrights, which ‘is an intangible incorporeal right, and exists separate and apart from the property in the paper on which it [is] written or the physical substance in which it is embodied.’”<sup>158</sup> The court went on to explain that the creator of a painting owns the right to make a copy of the painting as well as the physical painting itself, and that copyright ownership is distinct from ownership, such that a writer could send a letter to a person, yet retain ownership of copyright in the letter prior to general publication of the letter.

*Clay County* was decided in 1933 and therefore does not give much insight into whether an Alabama court today might still apply common law copyright to pre-1972 sound recordings. However, in the 1990 case *Charter Hospital of Mobile, Inc. v. Weinberg*,<sup>159</sup> the court mentioned common law copyright briefly in the context of jury instructions regarding the amount of damages allowed for conversion of a medical treatment program in which the owner held a copyright.<sup>160</sup> This suggests that Alabama courts do still recognize the existence of common law copyright. *Record Data International, Inc. v. Nichols*<sup>161</sup> also states that it involved a claim of violation of common law copyright, but the court does not address this claim in its opinion.

Although the *Clay County* court did not explicitly state it was enumerating the elements of a common law copyright claim, it summed up the cause of action as follows: the *author* of a *completed work* owns the right to copy his or her work *prior to publication*. Upon publication, an author loses his or her common law copyright in the work. Prior to publication, however, an author retains his or her common law copyright in the work, even if he/she no longer possesses the physical work. The *Clay County* court explained that the author of a letter could send the letter to a recipient, and while the recipient would own the piece of paper, the writer would continue to own the copyright and could prevent the recipient from publishing a letter (through an injunction).

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<sup>157</sup> 147 So. 407 (1933).

<sup>158</sup> *Id.* (citing 13 C.J. page 948, § 5); *Caliga v. Inter-Ocean Newspaper Co.*, 157 F. 186.

<sup>159</sup> 558 So. 2d 909 (1990).

<sup>160</sup> *See id.* (“The damages recoverable for conversion is the value of the property converted. That would be the common law copyright or trade secret at the date of the conversion or the value of the property at any time between the date of conversion and up until the time of trial. ...”)

<sup>161</sup> 381 So. 2d 1 (1979).

### ***b. Unfair Competition***

Alabama courts recognize a cause of action for unfair competition, although courts usually apply it in cases involving trademarks or trade names. Required elements enumerated by the courts are (1) the plaintiff was the first user of the trademark; (2) in using the mark, it had acquired secondary meaning with the public; (3) the defendant was the second user of the mark the public associated with the plaintiff; and (4) the defendant acted in bad faith in using the mark, in an attempt to deceive the public. Alabama law requires the existence of “palming off”—i.e., acting in bad faith in an attempt to deceive the public—as a prerequisite of finding unfair competition. It seems that courts always require the existence of palming off, although plaintiffs need not show actual fraud or deception by the defendant in order to meet it. Rather, constructive fraud or deception is sufficient: a plaintiff must demonstrate that deception would be the natural and probable result of the defendant’s use of the mark.<sup>162</sup>

*Jefferson Home Furniture Company v. Jefferson Furniture Company*<sup>163</sup> involved a plaintiff and a defendant who each owned retail furniture stores with similar names. The plaintiff argued that the proximity of the two stores and similarity of the names caused confusion among the general public, and that defendant’s use of the name constituted unfair competition. The court found that defendant’s use of the name did not constitute unfair competition because “unfair competition generally consists of a ‘palming off’ on customers, who are buying with ordinary care, the goods or business of one person as and for the goods or business of another.” The court explained that in proving palming off, a plaintiff need only show constructive fraud, not actual fraud. The plaintiff failed to show even constructive fraud, as the plaintiff and defendant both acted in good faith in an attempt to eliminate customer confusion and had largely noncompetitive furniture lines. It is conceivable that this theory could be applied to sound recordings, as an infringer could make an unauthorized reproduction of a sound recording and then sell it in competition with another in a manner that would confuse the public about the source. It seems unlikely, however, that nonprofit institutions would trigger this theory through their use of sound recordings as there would be no competition and it seems improbable that there could be any public confusion.

The plaintiff and defendant in *D.B. Fuqua v. Roberts*<sup>164</sup> were car dealers operating under the name “City Car Market” in different cities in Alabama. The plaintiff argued that the defendant’s use of the name City Car Market took advantage of the plaintiff’s advertising campaign and constituted trade name infringement and unfair competition. The court noted that a plaintiff need not show that a defendant’s use of the name constituted actual deception and led people to buy the defendant’s goods thinking they were the plaintiff’s; rather,

<sup>162</sup> See *Jefferson Home Furniture Co. v. Jefferson Furniture Co.*, 349 So. 2d 5 (1977); *D.B. Fuqua v. Roberts*, 110 So. 2d 886 (1959).

<sup>163</sup> 349 So. 2d 5 (1977).

<sup>164</sup> 110 So. 2d 886 (1959).

to show unfair competition, a plaintiff needs to show only that deception would be the natural and probable result of the defendant's use of the name.

Similarly, the *Grand Lodge Knights of Pythias of North and South America v. Grand Lodge Knights of Pythias*<sup>165</sup> case does not discuss unfair competition as such, but in the context of discussing piracy of trademarks the court stated that "the use of similar names is the usual artifice of the unfair trader" and held that one need not prove actual fraud in order to restrain defendant's use of a name that was similar to plaintiff's. The court stated that fraud may be inferred where one knowingly adopts another corporation's name, or a name so similar that it caused actual or probable loss or damages to the other corporation.

### **c. Misappropriation**

The plaintiff in *Minnifield v. Ashcraft*<sup>166</sup> sued the defendant for invasion of privacy. The plaintiff claimed that the defendant invaded her privacy when he submitted photos of her tattoo to a magazine without her permission. In the context of the tort of commercial appropriation, the court enumerated the elements a plaintiff must show in order to succeed in a cause of action for common law misappropriation of one's name or likeness: (1) the defendant's use of the plaintiff's identity; (2) the appropriation of plaintiff's name or likeness to defendant's advantage, commercially or otherwise; (3) lack of consent; and (4) resulting injury. The court went on to explain that the right not to have one's privacy invaded through misappropriation of one's likeness protects individuals from commercial use of their name and likeness that they did not authorize.

The advantage required of the second prong enumerated above need not be commercial, as courts require advantage "commercially or otherwise." The Supreme Court of Alabama has stated that liability for commercial misappropriation of one's likeness does not require that the advantage be commercial. Liability attaches when one appropriates another's likeness for use or benefit; that benefit may be commercial or "other values associated with the name or likeness."<sup>167</sup> The court did not elaborate on what those "other values" may be, and this case focused on determining whether the defendant profited commercially from using a photograph. (The court concluded the defendant did not.) In practice, however, it seems that some courts construe the advantage element as being solely commercial advantage. For example, a federal district court decision interpreting Alabama state law stated that commercial misappropriation occurs when one appropriates and uses another's name or likeness "to advertise the defendant's business or product, or for some similar commercial

<sup>165</sup> 56 So. 963 (1911).

<sup>166</sup> 903 So. 2d 818 (2004).

<sup>167</sup> See *Schifano v. Greene County Greyhound Park, Inc.*, 624 So. 2d 178 (1993) (discussing how the defendant photographed the plaintiffs in a park, and then included the photograph in an advertising brochure). The plaintiffs sued, alleging the defendant's use of the photograph constituted invasion of privacy. *Id.*

purpose.”<sup>168</sup> It seems that the court here required the advantage element to be commercial, although it is possible that this court was differentiating “commercial misappropriation” from other forms of appropriation.

Alabama recognizes neither a statutory nor a common law right of publicity cause of action as such. However, commercial misappropriation of one’s likeness seems to be a manifestation of the tort of the invasion of privacy in Alabama, which is quite similar to the right of publicity in other jurisdictions.<sup>169</sup> *Minnifield v. Ashcraft*<sup>170</sup> provides a detailed discussion of this tort. *Minnifield* explained that the tort of commercial appropriation of the right of privacy is similar to a right of publicity and protects interests comparable to the right of publicity.

The court also noted that there is a legitimate public interest exception to the right of privacy. Under this exception, one is not prohibited from broadcasting matters of legitimate public interest because the public has an interest in being informed.<sup>171</sup>

No Alabama case law connected the invasion of privacy tort to sound recordings. However, it is possible that a court could extend this tort to apply to sound recordings, as long as, in addition to meeting the other elements of the tort, the performer represented on a sound recording could show that reproduction of his voice constituted use of his likeness.

## 5. Potential Defenses for Nonprofit Institutions

Under Alabama law (both statutory and common law), nonprofit institutions seem somewhat limited in the availability of defenses to claims of unauthorized use of pre-1972 sound recordings. Unlike statutes in many other states, Alabama’s criminal statute fails to include statutory exemptions for personal use or for nonprofit/educational uses. Alabama’s only statutory exemption applies to broadcasters transferring sound recordings in connection with a broadcast or for archival purposes. Therefore, if the nonprofit institution were broadcasting sound recordings, it could invoke this exemption. But if it were making them available on the World Wide Web, its application would not be clear.

Sections 13A-8-81(a)(1) and (a)(2) both require commercial intent before a violation can be found when sound recordings are used without authorization. However, § 13A-8-81(a)(3) does not contain such language. Thus, if a nonprofit’s use of a sound recording could be characterized as manufacture, distribution, transportation, or wholesaling of sound recordings or performances, then the nonprofit cannot escape liability merely by claiming a noncommercial purpose.

<sup>168</sup> *Kyser-Smith v. Upscale Commc’ns, Inc.*, 873 F. Supp. 1519 (1995).

<sup>169</sup> *Birmingham Broad. Co. v. Bell*, 68 So. 2d 314 (1953).

<sup>170</sup> 903 So. 2d 818 (2004).

<sup>171</sup> See *Doe v. Roe*, 638 So. 2d 826 (1994) (holding that a book based on the murder of plaintiff’s adopted children had social worth and thus fell within the public interest exception). In reaching this decision, the court noted that the public had a legitimate public interest in the murder, which was a matter of public record that was greatly publicized. *Id.*

It remains unclear whether preservation or use of sound recordings by a nonprofit institution could be characterized in such a manner. Of course, the nonprofit institution may escape criminal liability by obtaining the consent of the sound recording owner.

In terms of common law copyright, the issue likely depends on how Alabama courts define “publication.” If publication of a sound recording occurs with the dissemination or commercial sale of the sound recordings, then nonprofit institutions would not run afoul of common law copyrights for any sound recording that had previously been disseminated. If, however, publication does not occur due to commercial sale or dissemination, then it becomes imperative to determine what rights an owner retains via common law copyright. In that case, questions would arise as to what common law defenses, such as “fair use,” might be available.

Nonprofit institutions would likely avoid liability under the doctrine of unfair competition if they can prove that they are not palming off the sound recording. Thus, unless the institution engaged in bad faith and somehow attempted to deceive the public about the source of the work, it is unlikely that the organization would be liable under this common law doctrine. Finally, a nonprofit institution likely will not violate the misappropriation doctrine (similar as it is to a right of publicity in Alabama) unless “likeness” is extended to include a voice or musical performance.

## California

### 1. History

California has had a civil antipiracy statute that in effect codifies common law copyright in California since 1872. Additionally, in 1968 California enacted a criminal antipiracy statute as part of a comprehensive scheme to prevent the misappropriation of recorded music for financial gain because California’s entertainment industry was losing millions of dollars from pirated and bootlegged recordings each year.<sup>172</sup> There are no publicly available compiled legislative histories for California statutes.

### 2. Criminal Statutes

#### *a. Sound Recording Statutes*

California has several statutes addressing the unauthorized reproduction of sound recordings. It appears that a private right of action is not available for any of these statutes. However, a private individual could likely bring a claim against a person who violated these statutes under California’s unfair competition law (discussed in the Unfair Competition section below).

<sup>172</sup> *People v. Anderson*, 235 Cal. App. 3d 586 (1991).

**i. CAL. PENAL CODE § 653h**

Section 653h of California's Penal Code applies to sound recordings made prior to February 15, 1972. This section makes any person who knowingly and willfully transfers or causes to be transferred sound recordings with the intent to sell or cause to be sold, or to use or cause to be used for a commercial advantage or private financial gain through public performance sound recordings without the owner's consent, guilty of a public offense. A person who transports or causes to be transported sound recordings within the state for money or other consideration with knowledge that the sound recordings were transferred without the owner's consent also violates this statute. Punishment for offenses under the statute depends on the number of sound recordings involved in the violation: generally, a person could be imprisoned for up to five years, fined up to \$250,000, or both. Additionally, any person who sells, resells, offers for sale or resale, causes the sale or resale of, rents, or possesses sound recordings for any of these purposes with knowledge that the sounds recorded have been transferred without the owner's consent is guilty of a public offense. Punishment for this offense depends on the number of sound recordings involved. It seems the maximum fine for such a violation cannot exceed \$25,000, and one could not be imprisoned in county or state jail for more than one year.

This section does not apply to not-for-profit educational institutions or federal or state government entities that have the primary purpose of advancing the public knowledge and disseminating information regarding America's musical cultural heritage. To fall under this exempted category, an institution must clearly state in its charter, bylaws, or a similar document that its purpose is the dissemination of information and advancement of public knowledge. Additionally, the institution must, prior to transferring sounds, have made a good faith attempt to locate the sound recording's owner without success. However, this section does not relieve institutions of any contractual obligations they may have with owners of sound recordings, and it also requires the institutions to give annual notice of their transfer of sound recordings in newspapers of general circulation and to keep a file of their efforts to locate owners.

The statute does not elaborate on what would constitute good faith efforts, and no case law interprets this provision of the statute. Likewise, the statute does not explain what would happen if a non-profit educational institution used a sound recording after it located the recording's owner and the owner did not consent to its use. Logically, the provision regarding contractual obligations suggests that if an owner did not consent to use of a recording, a user could not rely on this section to circumvent that owner's decision.

**ii. CAL. PENAL CODE § 653w**

Section 653w requires that a recording must clearly and conspicuously have the name, address, and manufacturer of the recording, as well as the name of the artist, performer, producer, or group on the cover, box, jacket, or label of a recording or audiovisual work. A

person who fails to do so is guilty of failing to disclose the origin of a recording when he or she, for commercial advantage or private financial gain, knowingly advertises or offers for sale or resale; sells or resells; causes the rental, sale, or resale of; or rents, manufactures, or possesses for any of these purposes, any recording. Persons guilty of violating this provision may be punished by imprisonment for up to five years, a fine of up to \$250,000, or both, depending on the violation and the number of recordings involved.

**iii. CAL. PENAL CODE § 653s**

Under this section of California's penal code, any person who transports or causes to be transported recordings of live performances within the state for money or other consideration, knowing that the recordings have been made without the owner's consent, is guilty of a public offense. This statute does not apply to persons engaged in radio or television broadcasting or cablecasting who record the performance for broadcast or related uses in educational television and radio, for archival purposes, or for news programs if the purpose of the recording is not to commercially distribute it.

**b. Possible Defenses to the Statutes**

**i. § 653h**

In addition to the statutory exemptions discussed above, 653h(g) provides that the section does not apply to radio or television broadcasters who transfer sounds, other than from a motion picture soundtrack, in connection with broadcast transmissions or related uses, or for archival purposes. Other possible defenses that can be inferred from the statute's language include (1) consent of the owner to reproduce the sound recording; (2) reproducing the sound recording without knowledge that the owner did not consent; and (3) reproducing a sound recording with a noncommercial purpose.

**ii. § 653w**

*People v. Anderson* noted that the statute prohibits only "commercial speech," which seems to imply that offering the recording for a purpose other than commercial advantage or private financial gain is a defense to this statute.<sup>173</sup> Another possible defense would be acting without knowledge.

**iii. § 653s**

Possible defenses to this section include (1) not receiving money or other consideration in exchange for transporting recordings of live performances; or (2) acting without knowledge that the recordings were made without the owner's consent.

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<sup>173</sup> 235 Cal. App. 3d 586, 591 (1991).

### ***c. Case Law Interpreting the Statutes***

#### **i. § 653h**

In *Goldstein v. California*<sup>174</sup> the State of California charged the petitioners with 140 violations of § 653h for copying musical performances onto tapes and commercially selling those recordings. Petitioners argued that California's statute violated the Constitution because (1) the copyright clause granted the federal government exclusive power to grant authors exclusive rights in their writings; and (2) it directly conflicted with federal copyright law in violation of the Supremacy Clause.<sup>175</sup> The Supreme Court rejected both of these arguments and held that California's statute was valid as applied to pre-1972 sound recordings. In dicta, the court made several observations regarding California's statute. It noted that although protection under California's statute was of unlimited duration, the scope of the statute's protection was quite narrow. The statute protects only the master record itself and does not preclude persons from hiring musicians to record an imitation of the performance recorded on the master record. The court also noted that, in enacting this statute, the California legislature evidenced a policy to prohibit "tape [or] record piracy" that may adversely affect the production of new recordings in California. The *Goldstein* court also noted that California codifies state law protection of both published and unpublished sound recordings.

#### **ii. § 653w**

In *People v. Anderson*<sup>176</sup> the defendant was convicted of violating § 653w. The court noted that this statute applies only to persons who possess or distribute unlabeled recordings for commercial advantage or private financial gain. The court did not define the terms "commercial advantage" or "private financial gain." However, it did uphold the constitutionality of the statute by stating that California had "a compelling interest in protecting the public from being victimized by false and deceptive commercial practices," and it cited a case that held that the protection of consumers from unscrupulous sellers is of the utmost importance.<sup>177</sup> The defendant in this case possessed 4,500 pirated recordings with the purpose of selling them, which the court apparently accepted as satisfying this condition. Section 7(16) of California's Penal Code seems to be the only section giving guidance on terminology interpretation: "words and phrases must be construed according to the content and the approved usage of the language; but technical words and phrases, and such others as may have acquired a peculiar and appropriate meaning in the law, must be construed according to such peculiar and appropriate meaning."

The Ninth Circuit Court of Appeals, in a discussion of the meaning of "commercial advantage" under California's unauthorized-distribution law, held that the prerequisite of "commercial advantage"

<sup>174</sup> 412 U.S. 546 (1973).

<sup>175</sup> U.S. CONST. art. VI, cl. 2.

<sup>176</sup> 235 Cal. App. 3d 586 (1991).

<sup>177</sup> *Id.* at 590 (citing *Vasquez v. Super. Ct.*, 4 Cal. 3d 800, 808 (1974)).

appeared designed “to except not only free distribution of anonymous materials, but sale under certain conditions, as when one urging a point of view sells the record or tape to cover its cost.”<sup>178</sup>

### 3. Civil Statutes

#### *a. Common Law Copyright*

Section 980 of California’s Civil Code codifies California’s acceptance of protecting sound recordings through common law copyright. This section enumerates sound recordings as a protectable class of property under the statute. Section (a)(2) provides that the author of a sound recording initially fixed prior to February 15, 1972, has exclusive ownership in that recording until February 15, 2047,<sup>179</sup> against all persons except someone who independently makes or duplicates another sound recording that does not directly or indirectly recapture the sounds fixed in the prior recording. Additionally, § 983 discusses the effect of publication, stating that if an owner of an invention or design makes it public, persons may make copies or reproductions of the work without any responsibility to the owner. Both this section and the *Carpenter Foundation v. Oakes*<sup>180</sup> and *Lone Ranger Television v. Program Radio Corporation*<sup>181</sup> cases discussed below seem to indicate that an owner of a sound recording loses common law copyright protection upon publication of the recording.<sup>182</sup>

California Civil Code § 983 states that it applies only to inventions and designs,<sup>183</sup> and in case law it has often been used in the context of architectural designs. However, in *Kurlan v. Columbia Broadcasting Systems*,<sup>184</sup> the court discussed this section of the statute in the context of radio broadcasting, suggesting that courts may extend it to sound recordings.

The defendant in *Lone Ranger Television, Inc. v. Program Radio Corporation*<sup>185</sup> leased unlicensed copies of *Lone Ranger* episodes to radio stations. In determining whether state copyright law protected the

<sup>178</sup> *Anderson v. Nidorf*, 26 F.3d 100, 104 (Cal. 1994); see also *Murdock v. Pennsylvania*, 319 U.S. 105, 111 (1943) (holding that the sale of religious literature does not convert religious activity into a commercial enterprise).

<sup>179</sup> In Chapter 2-8C of *Nimmer on Copyright* § 8C.03, Nimmer notes the anomaly of California’s 2047 cut-off date, even though with the 20-year extension the current cut-off date is 2067.

<sup>180</sup> 26 Cal. App. 3d 784 (1972).

<sup>181</sup> 740 F.2d 718 (9th Cir. 1984).

<sup>182</sup> However, while discussing California and New York law, *Nimmer on Copyright* states in relevant part, “the usual state law doctrine that publication terminates common law copyright has not meant that state protection of sound recordings is lost upon publication. Such protection survives publication either by reason of particular statutory provisions or by application of property right or unfair competition theories.” *Nimmer* appears to state that although common law copyright terminates upon publication in California, pre-1972 sound recordings remain protected either through § 653h of California’s penal code or under misappropriation and/or unfair competition law.

<sup>183</sup> See CAL. CIV. CODE § 983 (“If the owner of any invention or design intentionally makes it public, a copy or reproduction may be made public by any person, without responsibility to the owner, so far as the law of this state is concerned.”).

<sup>184</sup> 40 Cal.2d 799 (1953).

<sup>185</sup> 740 F.2d 718 (1984).

copies, the court cited § 983(a) (section (a) was later deleted, and the language cited is now the language of § 983) and then determined whether the *Lone Ranger* episodes had been published. The court noted that although performing and taping a radio show before a live audience and distributing it to a small number of people would not constitute the extent of publication needed to divest state law protection, *Lone Ranger's* commercial distribution was not “restricted.” Therefore, *Lone Ranger's* recordings were not protected under state copyright law. *Carpenter Foundation v. Oakes*<sup>186</sup> also noted that the common law copyright provided under §§ 980-985 is generally limited to unpublished works, and that common law property protection is lost upon publication.

While discussing whether a claim of unfair competition was affected by the copyright status of a work, the court in *Capitol Records v. Erickson*<sup>187</sup> (discussed below under Unfair Competition) mentioned that “the well-settled rule is that public performance of a work, such as ... singing of a song ... whether given in public or over the radio or television, is not such a general publication as constitutes a dedication to the public or places it in the public domain with consequent loss of copyright.” This seems to show that the analysis regarding what constitutes publication in the *Lone Ranger* case would apply to sound recordings and musical performances. Unfortunately, the court did not cite the source from which this “well-settled rule” comes.

In *Read v. Turner*,<sup>188</sup> the court enumerated factors to consider when determining damages for copyright infringement. These factors include the value of the owner’s creative work, the value of its use by another, and the loss in value and profits as a result of the infringement. This seems noteworthy because uses that do not result in profit, and use of sound recordings that are no longer commercially used, would result in minimal damages, even if a sound recording user did infringe on an owner’s common law copyright in the recording.

A federal case discussing state law, *re Napster, Inc.*,<sup>189</sup> briefly discussed § 980’s application to sound recordings. The court concluded that one could transfer common law copyright ownership under California law.

#### ***b. Defenses to Common Law Copyright Infringement***

Fair use may not be an available defense to common law copyright infringement. California’s Supreme Court has stated that common law copyright creates a more exclusive right than does statutory copyright protection because the right to publish a work is an exclusive property right that lasts until the owner of the right decides to publish his or her work.<sup>190</sup>

<sup>186</sup> 26 Cal. App. 3d 784 (1972).

<sup>187</sup> 2 Cal. App. 3d 526 (1969).

<sup>188</sup> 239 Cal. App. 2d 504 (1966).

<sup>189</sup> 191 F. Supp. 2d 1087 (2002).

<sup>190</sup> *Stanley v. Columbia Broad. Sys., Inc.*, 35 Cal. 2d 653, 661 (1950); *Zachary v. W. Publ’g*

### ***c. Unfair Competition Act***

California Business and Professional Code § 17200 defines *unfair competition* to be “any unlawful, unfair, or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising as prohibited by Chapter 1 of Part 3 of Division 7 of the Business and Professions Code” (begins at § 17500). Section 1703 provides injunctive relief against any person who engages, engaged, or plans to engage in unfair competition, and § 1706 provides that anyone who engages, engaged, or plans to engage in unfair competition be liable for civil penalties for each violation (up to \$2,500 per violation). Remedies under this act are cumulative.<sup>191</sup>

This statute is disjunctive; therefore, one could bring an action under § 17200 for a practice that is unfair, fraudulent, or unlawful under another California law. Effectively, the “unlawful” prong of this section of California’s code “borrows violations of other laws and treats them as unlawful practices independently actionable under the Unfair Competition Act.”<sup>192</sup> Because private individuals may institute a cause of action under this section, if a sound recording user violated a provision of California’s Penal Code, an individual could bring a claim against that person under § 17200.<sup>193</sup> As for the “unfair” prong, California courts use a balancing test for determining when a practice is unfair: any practice whose harm to the victim outweighs its benefits is found to be unfair.<sup>194</sup> Courts use the “fraudulent prong” as a basis for determining whether the public is likely to be deceived by the business practice in question.<sup>195</sup> This test focuses on the likelihood of public deception; a plaintiff need not show actual deception, reliance, or damage in order to succeed with a claim. In fact, none of the prongs of unfair competition requires a plaintiff to prove that the defendant’s business practices harmed the plaintiff.

*Laws v. Sony Music Entertainment, Inc.*<sup>196</sup> appears to be the only case involving sound recordings that discusses § 17200. *Laws* found that federal law pre-empted § 17200; however, this act could have applied had the sound recordings not been covered by federal copyright law (i.e., pre-1972 sound recordings).<sup>197</sup> (Other case law regarding nonstatutory unfair competition is discussed below under the Misappropriation heading.)

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*Co.*, 75 Cal. App. 3d 911, 919 (Cal. Ct. App. 1977).

<sup>191</sup> CAL. BUS. & PROF. CODE § 17205.

<sup>192</sup> *State Farm Fire & Cas. Co. v. Super. Ct.*, 45 Cal App. 4th 1093 (1996).

<sup>193</sup> See *Olsen v. Breeze, Inc.*, 48 Cal. App. 4th 608 (1996) (explaining that violation of almost any federal, state, or local law can serve as the basis for a § 17200 claim, be it criminal, civil, statutory, regulatory, or common law).

<sup>194</sup> *State Farm Fire & Cas. Co.*, 45 Cal. App. 4th 1093.

<sup>195</sup> *Klein v. Earth Elements, Inc.*, 59 Cal. App. 4th 965 (1997).

<sup>196</sup> 294 F. Supp. 2d 1160 (2003).

<sup>197</sup> See *id.* at 1163 (noting that “not all state causes of action are preempted,” and that for a law to be pre-empted it must be within the subject matter of copyright and be equivalent to federal copyright protections). The court did not go on to consider what state causes of action would not be pre-empted, but essentially left the question open. Pre-1972 sound recordings, however, are expressly not pre-empted by the Copyright Act; thus, it seems reasonable to infer that a cause of action for unfair competition of a pre-1972 sound recording would not be pre-empted.

## 4. Nonstatutory Causes of Action

### a. Unfair Competition/Misappropriation

California courts consider misappropriation to be an unfair business practice that constitutes unfair competition—even absent palming off.<sup>198</sup> Originally, only palming off (i.e., misrepresenting one's goods for those of his competitor) constituted unfair competition, but courts later extended unfair competition to include misappropriation as well.<sup>199</sup> For misappropriation-based unfair competition claims, California courts seem to require (1) the copying of another's product (2) for profit. For misrepresentation-based unfair competition claims (palming off), one must misrepresent one's own goods as those of a competitor.<sup>200</sup>

In *Capitol Records v. Erickson*,<sup>201</sup> Capitol Records sought injunctive relief based on an unfair competition theory. The defendant had purchased tapes of musical performances produced by Capitol Records on the open market, copied them, and sold them to the public without Capitol Records' permission, although the defendant did put a label on the back of the tapes it sold disclaiming any connection with Capitol Records or the musical artists. The Court of Appeals affirmed the trial court's decision that the defendant's copying constituted unfair competition, noting that the defendant had not merely copied the plaintiff's tape, but rather misappropriated it by using a product identical to the plaintiff's for profit, thereby engaging in unfair competition. The court noted that under California's unfair competition law the defendant's actions need not be fraudulent because § 17200 defined unfair competition as unfair *or* fraudulent business practices. Although the plaintiff did not need to show palming off to succeed on its claim of unfair competition, a question of fact remained as to whether palming off occurred in this case. The court also noted that a claim of unfair competition is not affected by the copyright status of a work as long as deceptive or fraudulent practices are shown in addition to copying.

In *A & M Records, Inc. v. Heilman*,<sup>202</sup> A & M Records commercially manufactured and sold recorded musical performances, and Heilman's company, E-C Tapes, had been advertising and selling record and tape albums that included duplicate performances of songs from A & M Records. Heilman began selling these tapes in the later part of 1971, and all the recordings in question had been fixed and first sold prior to February 15, 1972. Heilman argued that his pirating of A & M Records' recordings did not constitute unfair competition because he did not engage in palming off. The court held that Heilman's duplication of performances owned by A & M Records in order to resell them for profit constituted the unfair business practice of

<sup>198</sup> See *A & M Records v. Heilman*, 75 Cal. App. 3d 554 (1977).

<sup>199</sup> *Capitol Records v. Erickson*, 2 Cal. App. 3d 526 (1969).

<sup>200</sup> See *id.* (stating that unfair competition occurs where one palms off one's products as those of one's competitor *or* unfairly appropriates to one's profit one's competitor's valuable efforts).

<sup>201</sup> 2 Cal. App. 3d 526 (1969).

<sup>202</sup> 75 Cal. App. 3d 554 (1977).

misappropriating another's valuable efforts, and was unquestionably unfair competition, even absent any palming off.

The defendant in *Lone Ranger Television, Inc. v. Program Radio Corporation*<sup>203</sup> leased unlicensed copies of *Lone Ranger* episodes to radio stations. These episodes were no longer protected under state copyright law, yet the court held that the defendant could not freely copy and distribute them because doing so constituted unfair competition, a claim independent of copyright infringement.

*McCord Company v. L.A. Plotnick*<sup>204</sup> involved plaintiff and defendant newspaper publishers. The plaintiff initiated suit to restrain the defendant from copying and pirating portions of his newspaper. The court held that the defendant's actions constituted unfair competition in business because the plaintiff had incurred substantial cost in publishing its newspaper, and the defendant misappropriated the plaintiff's property for the purpose of using it to profit to the disadvantage of the plaintiff. The court noted that it was unnecessary for the plaintiff to prove that the defendant's conduct was fraudulent.

## 5. Right of Publicity

California has both a right of publicity statute and a common law right of privacy. California's statute addressing the right of publicity explicitly states that remedies provided by the statute are cumulative. Therefore, one could claim both statutory and common law violations of one's right of publicity. Each is discussed below. For the sake of brevity, reference is made only to use of a person's voice as violating the statute; the statute, however, covers use of one's voice, name, signature, photograph, or likeness.

### **a. Statutory Right of Publicity**

California Civil Code § 3344 "Unauthorized Commercial Use of Name, Voice, Signature, Photograph, or Likeness" provides that one's knowing use of another's voice in products, merchandise, goods, or for advertising or selling products, merchandise, or goods without that person's consent violates the statute and gives rise to damages under the statute. Subsection (e) of this section makes clear that use of one's voice in a commercial medium will not per se constitute a violation of the statute: whether the use violates the statute depends on whether use of the voice was so connected with the commercial sponsorship/paid advertising that consent was required. Damages for the unauthorized use of one's voice are the greater of \$750 or actual damages suffered, as well as any profits attributable to the use. Subsection (d) of this section exempts from liability use of a name in connection with news, public affairs, or sports broadcast or account, or any political campaign.

The court's commentary on this statute states that this section

<sup>203</sup> 740 F.2d 718 (9th Cir. 1984) (applying California law).

<sup>204</sup> 108 Cal. App. 2d 392 (1951).

was “intended to protect rights which cannot be copyrighted.”<sup>205</sup> Additionally, in *White v. Samsung Electronics*, the court explained that the purpose of the right of publicity was to protect celebrities’ commercial interests in their identities.<sup>206</sup>

California Civil Code § 3344.1 “Rights of deceased personality; Astaire Celebrity Image Protection Act” also covers the right of publicity. This section defines “deceased personality” as a person whose voice has commercial value at the time of his or her death, and who died within 70 years prior to January 1, 1985. This section essentially provides that use of a deceased person’s voice for commercial purposes without prior consent of the person authorized to give consent (i.e., one who inherited this property right through a will, or received it through contract) violates the deceased personality’s right of publicity.

#### **b. Defenses to the Statute**

In addition to the statutory exemption provided in § 3344(d), other possible defenses include (1) consent of the artist; (2) proving that use of another’s voice was unknowing; and (3) showing that use of the voice was not commercial in nature.

#### **c. Common Law Protection against Invasion of Privacy by the Appropriation of One’s Name or Likeness**

Courts have made clear that California’s statutory right of publicity complements, rather than codifies, the common law right of privacy.<sup>207</sup> The elements of a common law right of publicity/protection against invasion of privacy/commercial appropriation (courts seem to use these terms interchangeably) are as follows: (1) defendant’s use of plaintiff’s identity; (2) the appropriation of plaintiff’s name or likeness to defendant’s advantage, commercial or otherwise; (3) lack of consent by the plaintiff; and (4) resulting injury.<sup>208</sup> The common law right of publicity has two notable differences from the statutory right of publicity: (1) the statute requires knowing use of another’s identity, whereas mistaken use could still constitute a violation of one’s common law right of publicity; and (2) the statute also requires a direct connection between the use and the commercial purpose.

#### **d. Relevant Cases Discussing Statutory and Common Law Protections.**

Only two of the cases below discuss the application of the right of publicity to sound recordings; however, the other cases discussed may serve as a basis for arguing that a nonprofit institution’s use of sound recordings would not, at least in some instances, violate an artist’s right of publicity.

The plaintiff in *Laws v. Sony Music Entertainment Inc.*,<sup>209</sup> Debra

<sup>205</sup> *Fleet v. CBS, Inc.*, 50 Cal. App. 4th 1911 (1996).

<sup>206</sup> 1992 U.S. App. LEXIS 19253 (1992).

<sup>207</sup> *Eastwood v. Super. Ct.*, 149 Cal. App. 3d 409 (1983).

<sup>208</sup> *Michaels v. Internet Entm’t Group*, 5 F. Supp. 2d 823 (CD Cal. 1998).

<sup>209</sup> 294 F. Supp. 2d 1160 (C.D. Cal. 2003).

Laws, was a singer who first recorded a song entitled "Very Special" in 1981. In 2002 Warner Music licensed Sony the right to use a portion of the recording for the Jennifer Lopez song "All I Have." Warner never asked for or received permission from Laws to use the song, and Laws did not receive compensation from either Sony or Warner for Lopez's use of the song. Laws sued, arguing, among other things, that Lopez's use of the song invaded her statutory and common law right of publicity (she also argued unfair competition). The court found that the 1976 Copyright Act pre-empted Laws's claim, and therefore did not discuss the merits of either of these arguments. However, had Laws's song not had federal copyright protection, the statutory and common law rights of publicity law might have applied to the recording in question.

The defendant Ford in *Midler v. Ford Motor Company*<sup>210</sup> recorded an impersonator's version of a Bette Midler song, and then used the recording for an ad campaign. Midler sued, alleging this use violated both her statutory and common law rights of publicity. The court found that § 3344 did not apply to the situation because the recording at issue was not of Midler's voice; it was an impersonation of her voice. As for the common law "appropriation of the attributes of one's identity" claim, the court ruled against summary judgment, explaining a voice is distinctive and "one of the most palpable ways identity is manifested." Because one's voice serves as a form of identity, the court stated that to impersonate Midler's voice was to pirate her identity. The court issued a very narrow holding in this case: "When a distinctive voice of a professional singer is widely known and is deliberately imitated in order to sell a product, the sellers have appropriated what is not theirs and have committed a tort in California." Thus, in California, it is possible that if a pre-1972 sound recording contained the voice of a celebrity who is widely known and has a distinctive voice, then that celebrity may be able to claim a right to publicity in that instance.

The defendant in *Johnson v. Harcourt, Brace, Jovanovich, Inc.*<sup>211</sup> reprinted in a textbook a magazine article regarding a man who found a large sum of money and returned it to its owner. The plaintiff's family sued, alleging a violation of its right of publicity under § 3344. The court held that the defendant did not violate the plaintiff's right of publicity because the article was used for educational purposes and was not the primary reason for the textbook, nor was it a significant motivating factor in student's decision to purchase the book.

In *Gionfriddo v. Major League Baseball*,<sup>212</sup> the defendant, Major League Baseball (MLB), used plaintiffs' names, images, and likenesses on its Web site, in documentaries, and in game programs (plaintiffs were former MLB players from the 1930s and 1940s). The court found that baseball had a pervasive influence over American culture and that the defendant's use of the plaintiffs' images, names,

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<sup>210</sup> 849 F.2d 460 (1988).

<sup>211</sup> 43 Cal. App. 3d 880 (1974).

<sup>212</sup> 94 Cal. App. 4th 400 (2001).

and likenesses therefore fell within the public affairs exemption under § 3344(d).

*Montana v. San Jose Mercury News, Inc.*<sup>213</sup> explained that what constitutes “matters of public interest” depends on the public’s right to know the matter and freedom of the press to tell the matter. In the case, a well-known football player brought suit against a newspaper for distributing posters that it had reproduced from a previously printed photograph of the plaintiff. The court found for the defendant, also noting that matters of public interest need not be current events, but could be reproductions of past events.

In *Dora v. Frontline Video, Inc.*,<sup>214</sup> the court noted that “public affairs” does not mean the same thing as “news”; public affairs is something less important. “[To claim that public affairs had to rise to the same level as news] ... would be to jeopardize society’s right to know, since publishers and broadcasters could then be sued for use of name and likeness in documentaries on subjects that do not relate to politics or public policy, and may not even be important, but are of interest.”

## 6. Potential Defenses for Nonprofit Institutions

California has an extensive set of laws, both statutory and common law, that extend numerous protections to sound recordings fixed prior to 1972. However, there appear to be a number of potential defenses available to a nonprofit institution wanting to use sound recordings in certain ways. First, and most important, nonprofit institutions may seek shelter under the express statutory exemption that protects qualifying nonprofit institutions from prosecution under CAL. PENAL CODE § 653h. To invoke this provision, however, the organization must demonstrate (1) that its primary purpose is the advancement of public knowledge and dissemination of information; (2) that this purpose is set forth in the organization’s charter, bylaws, or similar document; and (3) that the organization made a good faith effort to identify and locate the owner(s) of the sounds transferred prior to doing so, and that despite these efforts, the owner could not be found. Furthermore, the institution must give annual notice of its transfer of sound recordings in newspapers of general circulation and keep a file of its efforts to locate owners.

Nonprofit institutions may also be able to avoid liability by claiming that their activities are strictly noncommercial. This may be a valid defense, because the antipiracy statute (CAL. PENAL CODE § 653h) criminalizes actions that reflect “intent to sell,” “commercial advantage,” or “private financial gain.” Finally, nonprofit organizations can always avoid liability if they obtain the consent of the original owner.

Regarding the common law copyright protection codified by California’s Civil Code § 980, nonprofit institutions would have to

<sup>213</sup> 34 Cal. App. 4th 790 (1995).

<sup>214</sup> 15 Cal. App. 4th 536 (1993).

argue that the sound recording had been published by the original owner, thus extinguishing the common law copyright. The *Lone Ranger* case suggests that while limited distribution will not constitute publication, a more widespread commercial distribution may well amount to a publication.<sup>215</sup> The exact contours of the California definition of “publication” in this context remain uncertain.

As discussed above, California’s unfair competition statute<sup>216</sup> prohibits conduct that is unlawful, unfair, or deceptive. A nonprofit institution must demonstrate that its use of a sound recording cannot fall into any of those three categories. An institution must therefore show that its use of the sound recording does not violate any other statute (e.g., that the sound recording use does not violate § 653h because of the nonprofit exemption). Next, the institution must show that its use is not “unfair,” that is, that the use provides a greater benefit than harm to the original owner. Arguing that the use does not affect the commercial viability of the original work, and that the use benefits the public, could perhaps demonstrate the “fairness” of the use. Finally, an institution can avoid the “deceptive” prong by showing that there is no likelihood of public confusion. Regarding the common law variant of unfair competition/misappropriation, a nonprofit institution may defend itself by claiming a nonprofit purpose for the use.

In terms of the common law right of privacy, the cases together suggest that, assuming a commercial purpose was not involved in the reproduction, an artist would not be able to claim that a nonprofit’s use of his or her sound recording violated his or her right of publicity (statutory or common law). California’s statute and its common law both require some commercial purpose in making the reproduction before an artist could claim that his or her right of publicity was violated. However, even if commercial activity were involved, the reproducer of the sound recording could make a strong argument that reproduction of the recording did not constitute violation of the right of publicity. Based on the *Major League Baseball* case,<sup>217</sup> as well as the cases stating that public affairs need not rise to the level of newsworthiness, it seems one could argue that the sound recordings were historically significant and influenced American culture, and therefore that reproducing them would fall within the public affairs exemption enumerated in § 3344(d). Also, *Johnson*<sup>218</sup> suggests that one could argue that reproduction of sound recordings in some cases at least would be educational in nature and part of a larger project such that, even if sold, would not necessarily violate an artist’s right of publicity. However, in a situation where a reproducer only sold a CD of the recordings, it would be difficult to argue that the recording(s) were neither a primary reason for producing the CD nor a significant motivating factor in a consumer’s decision to purchase the CD.

<sup>215</sup> See 740 F.2d 718 (9th Cir. 1984).

<sup>216</sup> CAL. BUS. & PROF. CODE § 17200.

<sup>217</sup> See *supra* note 212 and accompanying text.

<sup>218</sup> See *supra* note 211 and accompanying text.

## Florida

### 1. History

In 1971, nine states, including California and Florida, passed anti-piracy statutes for sound recordings.<sup>219</sup> The laws made it illegal to (1) copy sound recordings without consent of the owner for the purpose of profiting from the copies, and (2) offer or sell copies of sound recordings for profit with knowledge or reasonable grounds to know that the copies were made without the consent of the owner.<sup>220</sup>

Shortly thereafter, the law was challenged and struck down in *International Tape Manufacturers Ass'n v. Gerstein*.<sup>221</sup> The Federal District Court for the Southern District of Florida used the logic of the *Sears*<sup>222</sup> and *Compro*<sup>223</sup> cases to conclude that when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article.<sup>224</sup> The court stated, "A state law rendering criminal the unauthorized manufacture and sale of sound recordings flies in the face of *Sears* and *Compro*, regardless of whether Congress has pre-empted the field."<sup>225</sup> However, the *Sears* and *Compro* cases were not about sound recordings, and it was debatable whether they should have been applied to sound recordings.

One legal commentator characterized the court in *Gerstein* as stating "that with regards to recordings made prior to [1972], the absence of a durational limitation and lack of a notice provision in the Florida statute presented 'gross conflicts' with the federal copyright law. The court declined to save the state statute by restricting its application to the state's retained power to protect common law copyright in unpublished works, and held that the sale and distribution of the original recordings constituted a 'general publication.'"<sup>226</sup>

Florida's law has been compared to California's anti-piracy law,<sup>227</sup> a statute that was upheld in *Tape Industries Association of America v. Younger*.<sup>228</sup> One commentator noted, "[A]lthough statutes criminalizing record piracy differ in form from that provided by the doctrine of misappropriation, the essential copyright-like nature of the two modes of protection remains the same. Thus the *Younger* court was

<sup>219</sup> Florida's original statute was FLA. STAT. § 543.041.

<sup>220</sup> For a general commentary on the law, see Steven L. Sparkman, *Tape Pirates: the New "Buck"-aneer*, 21 COPYRIGHT L. SYMP. 98 (1974); 62 Trademark Rep. 499 (1972).

<sup>221</sup> 344 F. Supp. 38 (S.D. Fla. 1972).

<sup>222</sup> 376 U.S. 225 (1964).

<sup>223</sup> 376 U.S. 234 (1964).

<sup>224</sup> See Glenn M. Reisman, *War Against Record Piracy: An Uneasy Rivalry Between the Federal and State Governments*, 39 ALB. L. REV. 87, 94 (1974-1975) (discussing the *Gerstein* case).

<sup>225</sup> 344 F. Supp. at 52.

<sup>226</sup> Case Comment, *Copyright—Sound Recordings—California Statute Prohibiting Music Piracy Is a Valid Exercise of Retained State Powers and Does Not Conflict with Federal Copyright Protection—Goldstein v. California*, 412 U.S. 546 (1973), 2 FLA. ST. U. L. REV. 614, 619-20 (1974) (quoting *Gerstein*, 344 F. Supp. at 54, 57).

<sup>227</sup> See, e.g., *Gerstein*, 344 F. Supp. at 50-52; Reisman, *supra* note 6, at 104-05; Frank Biribauer, *Goldstein v. California and the Prosecution of Sound Recordings: Arming the States for Battle with the Pirates*, 31 WASH & LEE L. REV. 604, 632 (1974).

<sup>228</sup> 316 F. Supp. 340 (C.D. Cal. 1970).

able to invoke the copying-misappropriation distinction normally associated with the civil law of unfair competition to uphold the state criminal law protection.<sup>229</sup> This is not the path that the Florida court took in *Gerstein*.

A year after *Gerstein*, the U.S. Supreme Court decided *Goldstein v. California*,<sup>230</sup> which upheld the California statute and implicitly meant that Florida's *Gerstein* decision was incorrect. The effect was that in 1977, Florida's sound recording statute was upheld in *Florida v. Gale Distributors*.<sup>231</sup> The court applied *Goldstein* and held that the federal Copyright Act did not pre-empt the criminal statute.<sup>232</sup> It also stated that the statute was not unconstitutional on grounds of "vagueness" or because it was *ex post facto* legislation.<sup>233</sup> The court stated, "A law is *ex post facto* when applied to offenses occurring before the law becomes effective," meaning that the law applies to piracy *occurring after 1971*, even though the law applies to all sound recordings *made before 1972*.

Since then, the statute has been moved in the Florida state code from 543.041 to 540.11. There have also been some changes to the language of the statute, including the addition in 1989 of an exemption for nonprofit educational institutions.<sup>234</sup> The gist of Florida's statute seems to be that if the organization handling the pre-1971 sound recordings is nonprofit and educational, it does not matter whether there are "for-profit" elements to how they handle the recordings. Further discussion follows.

## 2. Criminal Statutes

### a. Sound Recording Antipiracy Statute

FLA. STAT. § 540.11 makes it unlawful to:

1. without the recording's owner's consent, knowingly transfer/ cause to be transferred, directly or indirectly, sound recordings with the intent to sell, or the intent to profit through performance of the recording;
2. absent owner's consent, knowingly manufacture, distribute, wholesale, or transport sound recordings in the state for commercial advantage;
3. knowingly/willfully and without the performer's consent transfer live or broadcast performances with the intent to sell/ profit through public performance/promote sale of an object on which the performance was transferred;
4. without owner's consent, to knowingly manufacture, distribute, wholesale or transport within the state any article embodying a performance for commercial/financial gain;

<sup>229</sup> Biribauer, *supra* note 9, at 632.

<sup>230</sup> 412 U.S. 546 (1973).

<sup>231</sup> 349 So. 2d 150 (1977).

<sup>232</sup> *Id.* at 152.

<sup>233</sup> *Id.* at 153.

<sup>234</sup> See FLA. STAT. § 540.11(6)(c).

5. sell, resell, or advertise sound recordings when one knows, or had reasonable grounds to know, that the owner did not consent, or the performer did not consent.

The statute does not apply to:

1. broadcasters who transfer sounds in connection with a broadcast transmission or for archival preservation purposes
2. persons who transfer sounds for personal use
3. nonprofit educational institutions or federal/state governmental entities, if
  - a. the entity's primary purpose is advancement of public knowledge and dissemination of information;
  - b. this purpose is in the entity's charter/bylaws, certificate of incorporation;
  - c. the institution made a good faith effort to identify and locate the owner(s) of the sounds transferred prior to doing so, and despite these good faith efforts the owner could not be found.

Violation of the statute is a felony of the third degree.<sup>235</sup>

#### ***b. Possible Defenses to Antipiracy Statute***

Although there is scant case law interpreting defenses to the state sound recording statute, the text of the statute suggests some possible defenses. For example, consent of the original owner of the sound recording constitutes a defense. Other possible defenses include (1) that the copying was for nonprofit purposes;<sup>236</sup> (2) that it fell within one of the statutory exemptions; or (3) that it was not done knowingly or willingly.

#### ***c. Statute Criminalizing the Dealing of Stolen Property***

In 1983, the state in *Crow v. Wainwright*<sup>237</sup> tried to use Florida's statute criminalizing the dealing of stolen property<sup>238</sup> to convict a person for selling "bootleg" eight-track tapes. The tapes were of an album copyrighted in 1976, so the court threw out the conviction on the ground that the application of the statute was pre-empted by the Copyright Act. However, the state was successful in applying its statute on theft of property<sup>239</sup> in the *Garrod* case, which dealt with the piracy of sound recordings made before 1971.<sup>240</sup>

#### ***d. Labeling Laws***

Section 540.11(3)(a)(3) of Florida's sound recording statute makes it unlawful:

Knowingly, for commercial advantage or private financial gain to sell or resell, offer for sale or resale, advertise, cause the sale

<sup>235</sup> Punishment varies, depending on the number of unauthorized sound recordings and the period of time in which the recordings were made.

<sup>236</sup> See *supra* Part I.B (discussing the potential interpretations of the term "for commercial advantage" and its impact on potential defenses).

<sup>237</sup> 720 F.2d 1224 (1983).

<sup>238</sup> FLA. STAT. § 812.019.

<sup>239</sup> FLA. STAT. § 812.014(1).

<sup>240</sup> 622 F. Supp. at 536.

or resale of, rent, transport or cause to be rented or transported, or possess for such purposes, any phonograph record, disk, wire, tape, film, or other article on which sounds are recorded, unless the outside cover, box, or jacket clearly and conspicuously discloses the actual name and address of the manufacturer thereof, and the name of the actual performer or group.

### 3. Civil Statutes

Florida has a civil right of publicity statute (see below).

### 4. Nonstatutory Causes of Action

#### a. Common Law Copyright

*SmokEnders, Inc. v. Smoke No More, Inc.*<sup>241</sup> upheld a common law infringement claim. The court listed what it considered several rules of common law copyright, including that “[b]oth unauthorized use of an original document and unauthorized photocopying of the document protected by common law copyright is piracy ... Infringement of common law copyrights consist in doing, without the consent of the owner, anything which is the sole right of the owner to do.”<sup>242</sup>

Because common law protection continues until publication, it is important to determine how Florida determines when publication occurs. A recent case, *CBS, Inc. v. Garrod*,<sup>243</sup> stated that sound recordings made before 1972 have a special copyright status. As the court put it, “Because of the unique nature of the recording business, and the fact that there was no simple method of protecting record producers’ interests until phono-records were protected by the Sound Recording Act of 1972 ... [the plaintiff] did not lose its common law copyright through publication by distribution of its records.”<sup>244</sup> Thus, the scope of common law protection in Florida remains unclear.

#### b. Unfair Competition

In 2003, the plaintiff in *Audio Systems of Florida v. Simplexgrinnell*<sup>245</sup> tried to invoke an unfair competition claim, stating that the defendant improperly used its computer software, but the court struck down the argument, stating that the claim was pre-empted by the Copyright Act. “Unfair competition ‘goes to the question of marketing’ and not ‘to the question of copying.’”<sup>246</sup> The court noted that the plaintiff “appears to concede that it does not have an enforceable

<sup>241</sup> 184 U.S.P.Q. 309 (S.D. Fla. 1974).

<sup>242</sup> *Id.* at 318. In contrast, *Van Dusen v. Se. First Nat’l Bank*, 478 So. 2d 82, 87 (Fla. Dist. Ct. App. 1985), stated that a pre-1976 unpublished work is governed by the federal Copyright Act and that common law copyright is merely the right of first publication. See also *Kisling v. Rothschild*, 388 So. 2d 1310 (Fla. Dist. Ct. App. 1980) (stating that common law copyright protects the right of first publication).

<sup>243</sup> 622 F. Supp. 532, 534-35 (D.C. Fla. 1985).

<sup>244</sup> *Id.* at 535.

<sup>245</sup> 68 U.S.P.Q.2D 1681, 2003 WL 22830002 (M.D.Fla.) (2003).

<sup>246</sup> *Id.* at \*1685.

copyright in the software.”<sup>247</sup> Similarly, the *Herald* court said that the crux of unfair competition is “palming off,” when one business uses a competitor’s goods and presents them as if they are the business’ own.<sup>248</sup> The court stated, “[S]ave for the limited protection accorded the creator of literary and intellectual works under the Copyright Act or its exceptions—and here appellees concede they are not asserting a claim for copyright infringement—anyone may freely and with impunity avail himself of such works to any extent he may desire and for any purpose whatever subject only to the qualification that he does not steal good will, or, perhaps more accurately stated, deceive others in thinking the creations represent his own work.”<sup>249</sup>

However, the court in *Garrod* formulated its own understanding of the unfair competition theory: “The ‘gist’ of unfair competition is more a question of defendant’s intent which can be proved in other ways besides palming off. Moreover, in cases of unfair competition where the basis of the complaint is not that defendant is selling his goods disguised as plaintiff’s, but that defendant is misappropriating plaintiff’s property, the test to be applied clearly does not require a showing of palming off ... [T]his Court adopts the prevailing view that the tort of unfair competition involving record piracy requires proof of three elements: (1) time, labor, and money expended by the plaintiff, (2) competition, and (3) commercial damage.”<sup>250</sup> There is no case law that suggests whether the *Herald* line of cases or the *Garrod* case would be applied today.

### c. Misappropriation

In Florida, the theory of misappropriation, designated as such, is generally applied to ideas and not to the theft of sound recordings. To have a cause of action for a misappropriation of an idea, the following must be met: (1) the idea must be novel; (2) disclosure of the idea must be made in confidence; and (3) the defendant must adopt and make use of the idea.<sup>251</sup> However, *Garrod* talks about *INS*-style misappropriation in its discussion of unfair competition.<sup>252</sup> The court stated there that the owner had a valid claim for its “professional investment of time, skill, and money in the recordings.”<sup>253</sup> Whether this theory might be extended to sound recordings remains unclear.

In *Herald Publishing Company v. Florida Antennavision*,<sup>254</sup> one television station broadcast material that had originally been aired by another station. The original station did not own a copyright to the broadcast; however, it sued the other station, alleging unfair

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<sup>247</sup> *Id.* at \*1686.

<sup>248</sup> 173 So. 2d 469, 474 (Fla. App. 1965).

<sup>249</sup> *Id.*

<sup>250</sup> 622 F. Supp. 532, 535-36 (D.C. Fla. 1985).

<sup>251</sup> See *Alevizos v. John D. & Catherine T. MacArthur Found.*, 764 So. 2d 8 (Fla. Dist. Ct. App. 1999); see also *Garrido v. Burger King Corp.*, 558 So. 2d 79 (Fla. App. 3 Dist. 1990) (stating that tangible expressions cannot be grounds for misappropriation of ideas because that cause of action is pre-empted by the Copyright Act).

<sup>252</sup> 622 F. Supp. at 535-36.

<sup>253</sup> *Id.* at 535.

<sup>254</sup> 173 So. 2d 469 (Fla. App. 1965).

competitive practices analogous to *INS v. AP*.<sup>255</sup> The court ruled that “[u]nless protected by the copyright laws of the United States, all programs and program material telecast by television stations lie in the public domain and may be received and enjoyed with impunity by the general public, so long as there is no attempt to appropriate good will of the broadcaster, or to deceive.”<sup>256</sup>

#### **d. Conversion**

The court in *Garrod* stated that “an action for conversion will lie for a ‘wrongful taking of tangible interests in a business venture.’”<sup>257</sup> Thus, as the court concluded, the theory could be applied to the unauthorized duplication of sound recordings.

## **5. Right of Publicity**

### **a. Right of Publicity Statute**

In 1967, Florida passed a statute granting a right of publicity:<sup>258</sup> “No person shall publish, print, display or otherwise publicly use for purposes of trade or for any commercial or advertising purpose the name, portrait, photograph, or other likeness of any natural person without the express written or oral consent to such use.” The statute does not apply to any person who has died 40 or more years ago.

In *Messenger by Messenger v. Gruner + Jahr USA Publishing*<sup>259</sup> the plaintiff’s photographs were used in a magazine to suggest that the plaintiff had had drunken sex with three men. The plaintiff’s claims were under the New York right of publicity and the “Florida commercial misappropriation statute.” However, the New York court did not discuss the Florida statute (outside of saying that it was a distinct cause of action), and subsequent decisions likewise did not talk about it. In *Veronica Lane v. MRA Holdings*,<sup>260</sup> consent was raised as a valid defense to a right of publicity claim.

Case law applying the statute to sound recordings has not been found.

### **b. Common Law Right of Publicity**

Florida does not have an articulated common law right of publicity.

## **6. Potential Defenses for Nonprofit Institutions**

Under Florida law (both statutory and common law), nonprofit organizations seeking to preserve or make available pre-1972 sound recordings seem to have a few potential defenses to claims of unauthorized use. First and perhaps most important, such organizations can seek shelter under Florida’s express statutory exemption for

<sup>255</sup> 248 U.S. 215 (1918).

<sup>256</sup> *Herald*, 173 So. 2d at 473.

<sup>257</sup> *Id.* at 536 (quoting *In re Estate of Corbin*, 391 So. 2d 731, 732-733 (Fla. 3d DCA 1980)).

<sup>258</sup> FLA. STAT. § 540.08.

<sup>259</sup> 994 F. Supp. 525 (1998).

<sup>260</sup> 242 F. Supp. 2d 1205 (2002).

nonprofit institutions, provided that they meet Florida's requirements for that provision. To do this, the organization must demonstrate (1) that its primary purpose is the advancement of public knowledge and dissemination of information; (2) that this purpose is set forth in the organization's charter, bylaws, or certificate of incorporation; and (3) that the organization made a good faith effort to identify and locate the owner(s) of the sounds transferred prior to doing so, and that despite these efforts, the owner could not be found.<sup>261</sup>

Nonprofit institutions may also be able to avoid liability by claiming that their activities are strictly noncommercial. This may be a valid defense because the antipiracy statute (FLA. STAT. § 540.11) criminalizes actions that reflect "intent to sell," "intent to profit," or are taken "for commercial advantage."<sup>262</sup> Third, nonprofit organizations can always avoid liability if they obtain the consent of the original owner.

In terms of common law protections, nonprofit organizations should be able to avoid claims of unfair competition by demonstrating that they do not compete with the owners of the sound recordings or that there is no commercial damage. As previously noted, the extent to which common law copyright protects the owner of sound recordings remains unclear under Florida law. If *Garrod* essentially holds that commercial distribution of a work does not constitute publication, and that the owner therefore retains a common law copyright in the work, then it is imperative to determine what exactly that common law copyright protects. As noted above, some cases suggest that common law copyright protects only the right of first publication.<sup>263</sup> Another case, however, suggests that it protects against unauthorized use of the work.<sup>264</sup> Cases so far examined have not indicated whether there are other defenses to common law copyright infringement claims, such as fair use.

## Illinois

### 1. History

Prior to the enactment of Illinois criminal statutes dealing with the unlawful use of recorded sounds and the enactment of Illinois civil statutes addressing the right of publicity and deceptive trade practices, protection for sound recordings was solely a creation of the common law. Sound recordings were primarily protected through common law copyright, through the torts of misappropriation, unfair competition, and through the rights to privacy and publicity. The

<sup>261</sup> See FLA. STAT. § 540.11(6)(c).

<sup>262</sup> See FLA. STAT. § 540.11(2)(a).

<sup>263</sup> See *supra* notes 27-28 and accompanying text.

<sup>264</sup> See *supra* note 24 and accompanying text.

legislative history available for these statutes is not abundant.

The most recent amendments to the criminal statutes were added in 1990 to include protection from copying for audiovisual works including live performances.<sup>265</sup> In 1990, the unlawful use of an “unidentified” sound recording was changed from a Class B misdemeanor to a Class 4 felony. Therefore, both criminal statutes discussed in 2.a. and 2.b. below are now punishable as Class 4 felonies. The 1990 amendments also added provisions that issue penalties in terms of fines based on the number of sound recordings or audiovisual works involved in the crime. The *Zakarian* case discussed in 2.e. below examines the 1984 version of the statute. No legislative history analysis by the courts was available prior to the *Zakarian* case, but it appears that the criminal statutes were enacted sometime before 1984.

In terms of civil statutes, the Illinois Right of Publicity Act was signed into law in 1999. It replaced the Illinois common law right of publicity and expanded the rights afforded under the common law cause of action. The Illinois Uniform Deceptive Trade Practices Act dates at least to 1975, based on the discussion of the *Bonner* case in Section 4.b. below. The act codifies the Illinois common law regarding unfair competition and deceptive trade practices.

## 2. Criminal Statutes

Illinois has enacted two statutes prohibiting the unlawful transfer of sound recordings. The primary difference between the two statutes appears to be whether an “identified” or an “unidentified”<sup>266</sup> sound recording(s) is involved in the offense. Section 720 makes a distinction between “identified” and “unidentified” sound recordings. “Identified” means that the sound recording has a label identifying the recording artist and the manufacturer. The *Zakarian* case instructs that duplication of an “identified” recording is a more egregious offense than duplication of an unmarked recording because the marked recordings put a person on notice that a copyright holder exists whereas the unmarked recordings do not.<sup>267</sup> There is no express provision in either statute that addresses pre-1972 sound recordings or the transfer of recorded sounds for library or archival purposes.

### ***a. Unlawful Use of Recorded Sounds or Images***

The Illinois state statute prohibiting the unlawful use of sound recordings, § 720 ILL. COMP. STAT. 5/16-7, criminalizes activities by someone who intentionally, knowingly, or recklessly and without the consent of the owner:

- (1) transfers or causes to be transferred ... any sounds or images

<sup>265</sup> 1990 ILL. P.A. 86-1210; 1990 ILL. H.B. 1504.

<sup>266</sup> 720 ILL. COMP. STAT. 5/16-7(b)(5) (2006) defines “unidentified sound recording” as a sound recording without the actual name and full and correct street address of the manufacturer and the name of the recording artists printed on the label and outside cover of the sound recording.

<sup>267</sup> *People v. Zakarian*, 121 Ill. App. 3d 968, 976 (1984).

recorded on any sound or audio visual recording with the purpose of selling or causing to be sold, or using or causing to be used for profit the article to which such sounds or recordings of sound are transferred.

(2) sells, offers for sale, advertises for sale, uses or causes to be used for profit any such article described in § 16-7(a)(1) ...

(3) offers or makes available for a fee, rental or any other form of compensation, directly or indirectly, any equipment or machinery for the purpose of use by another to reproduce or transfer, ... any sounds or images recorded on any sound or audio visual recording to another sound or audio visual recording or for the purpose of use by another to manufacture any sound or audio visual recording in violation of § 16-8.

(4) transfers or causes to be transferred ... any live performance with the purpose of selling or causing to be sold, or using or causing to be used for profit the sound or audio visual recording to which the performance is transferred.

A conviction under the statute constitutes a class 4 felony.<sup>268</sup> The number of sound recordings involved determines the fine or penalty.<sup>269</sup> The law authorizes fines up to \$250,000 if 1,000 or more “unidentified” sound recordings are involved.<sup>270</sup> Each manufacture, distribution, sale, or transfer for a consideration constitutes a separate violation of the statute.<sup>271</sup> There is no express private right of action under this statute. However, § 720 ILL. COMP. STAT. 5/16-7(d) states that “[t]his Section shall neither enlarge nor diminish the rights of parties in private litigation.”

#### ***b. Unlawful Use of Unidentified Sound Recordings or Images***<sup>272</sup>

The Illinois statute prohibiting the unlawful use of sound recordings, § 720 ILL. COMP. STAT. 5/16-8, criminalizes activity by a person who:

(a) ... intentionally, knowingly, recklessly or negligently for profit manufactures, sells, distributes, vends, circulates, performs, leases or otherwise deals in and with unidentified sound or audio visual recordings or causes the manufacture, sale, distribution, vending, circulation, performance, lease or other dealing in and with unidentified sound or audio visual recordings.

According to the Appellate Court of Illinois in *People v. Zakarian*,<sup>273</sup> § 720 ILL. COMP. STAT. 5/16-8 is a lesser included offense of 5/16-7(a)(2). The court reasoned that “Section 16-7(a)(2) requires proof of a transfer, a sale or use for profit, ownership, lack of the owner’s consent to the transfer and sale, and identity. Proof of these

<sup>268</sup> 720 ILL. COMP. STAT. 5/16-7(c) (2006).

<sup>269</sup> *Id.* 7(c)(1) – (2).

<sup>270</sup> *Id.* 7(c)(2).

<sup>271</sup> *Id.* 7(g).

<sup>272</sup> “Unidentified” means that the work has not been marked by its owner.

<sup>273</sup> 121 Ill. App. 3d at 975.

elements would necessarily include proof of the elements of § 16-8, namely, that a person manufactured, sold, or used an unidentified recording for profit. Even though § 16-8 is not phrased in the same manner as § 16-7(a)(2), the prohibited activities may nonetheless be construed in this manner.<sup>274</sup> The court held that this is a reasonable inference, reasoning that a person who copies identified sound recordings is more culpable than a person who copies unidentified sound recordings because the identified recordings provide notice that a copyright holder exists whereas unidentified recordings do not provide such information.<sup>275</sup> However, the court further reasoned that “Section 16-7(a)(1) only prohibits the transfer of sounds for the purposes of a sale or use for profit. Other acts may establish a violation of § 16-8 and it would be possible to commit unlawful use of unidentified sound recordings, the lesser offense, without committing unlawful use of recorded sounds under § 16-7(a)(1), the greater offense. Therefore, § 16-8 is not an included offense of § 16-7(a)(1).”<sup>276</sup> The holding provided no additional rationale or examples as to what would constitute a violation of § 16-8 without violating § 16-7(a)(1).

This statute recognizes acts done “negligently” as well as an additional category of regulated conduct, based on a relaxed state-of-mind requirement that is not present in § 16-7. It also enunciates more specific prohibited behaviors, whereas § 16-7 focuses generally on sales and uses for profit.<sup>277</sup> As noted above, the primary difference is that this statute proscribes the unlawful use of unidentified sound recordings, whereas § 16-7 deals primarily with identified sound recordings. Although this statute is a lesser included offense of § 720 ILL. COMP. STAT. 5/16-7(a)(2), a violation also constitutes a Class 4 felony,<sup>278</sup> with the potential for fines up to \$250,000 if the offense involves more than 1,000 sound recordings.<sup>279</sup> Nonprofit institutions may want to pay particular attention to § 16-8 because of the presence of a negligence standard. Nonprofits may well be characterized as dealing in or authorizing the manufacture or performance of old, unidentified recordings, and should exercise reasonable care in their efforts to avoid liability.

### ***c. Statutory Exemptions***

The only express exception to the above statutes is § 720 ILL. COMP. STAT. 5/16-7(e), which provides an exception for “any person engaged in the business of radio or television broadcasting.” The statute does not define “broadcaster,” but it appears that anyone involved in the business of radio or television broadcasting would receive an exemption.

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<sup>274</sup> *Id.* at 976.

<sup>275</sup> *Id.*

<sup>276</sup> *See id.*

<sup>277</sup> 720 ILL. COMP. STAT. 5/16-7(a)(1)-(4) (2006).

<sup>278</sup> *Id.* 7(b).

<sup>279</sup> *Id.* 7(b)(1)-(2).

#### **d. Possible Defenses**

The statute notes that if the sound recordings are in the public domain (term of the copyright and any extensions or renewals have expired), then that is an affirmative defense to a criminal charge under the statute.<sup>280</sup> Consent would constitute a defense. Moreover, because each of the statutorily prohibited actions contains phrases such as “purpose of selling” or “for a fee,” a defendant could argue that noncommercial use should be excused. However, the *Zakarian* court seems to have bifurcated the statute to include two offenses: (1) unauthorized transfer of sound recordings, and (2) commercial use of sound recordings.<sup>281</sup>

Because of the negligence standard in § 16-8, however, nonprofits may risk liability if they deal in unidentified sound recordings. Thus, extra care should be used with unmarked sound recordings.

#### **e. Relevant Case Law**

Prior to the *Zakarian*<sup>282</sup> case, the State of Illinois had not construed the statutes discussed above.<sup>283</sup> The *Zakarian*<sup>284</sup> case dealt with whether a person had a property right to anticipated music royalties and whether a person could be convicted under the Illinois theft statute for depriving someone of those property rights. The court enunciated that the test is not whether the property is tangible or intangible, but whether “the property is capable of being taken away by someone other than its owner”<sup>285</sup> and ultimately ruled that the property right to the music royalties does not possess those characteristics and therefore is not property under the Illinois theft statute.<sup>286</sup>

In the *Zakarian* case, the defendant sold copied sound recordings in his store and earned \$300–\$400 per month in sales.<sup>287</sup> The court in *Zakarian* did not expressly note that “for profit” is a prerequisite to finding violation. However, it did say that “the State proved that defendants sold or caused the sale of sound recordings for profit. Thus, the State proved the elements of § 16-8 beyond a reasonable doubt.”<sup>288</sup> This language does seem to support a “for-profit” requirement. Neither the criminal statutes discussed above nor any other Illinois statutes or cases define the term “for profit.”

<sup>280</sup> 720 ILL. COMP. STAT. 5/16-7(i) (2006).

<sup>281</sup> See *infra* note 24 and accompanying text.

<sup>282</sup> See generally *Zakarian*, 121 Ill. App. 3d at 968.

<sup>283</sup> *Id.* at 975.

<sup>284</sup> See generally *id.*

<sup>285</sup> *Id.* at 972-73.

<sup>286</sup> *Id.* at 973.

<sup>287</sup> *Id.* at 971.

<sup>288</sup> *Id.* at 977.

### 3. Civil Statutes

#### *a. Uniform Deceptive Trade Practices Act*

The Uniform Deceptive Trade Practices Act<sup>289</sup> codifies the Illinois common law regarding unfair competition and deceptive trade practices.<sup>290</sup> The act does not affect a plaintiff's claim of unfair trade practices under common law or other Illinois statutes.<sup>291</sup> In addition, a plaintiff does not have to prove the existence of actual confusion or misunderstanding and does not have to show that the defendant was a competitor of the plaintiff.<sup>292</sup>

Under the act, a plaintiff may show that the offender, in the course of his or her business, vocation, or occupation, engages in one of the following in order to prevail on a claim:

1. passes off goods or services as those of another;
2. causes likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of goods or services;
3. causes likelihood of confusion or of misunderstanding as to affiliation, connection, or association with or certification by another;
4. uses deceptive representations or designations of geographic origin in connection with goods or services;
5. represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that he or she does not have;
6. represents that goods are original or new if they are deteriorated, altered, reconditioned, reclaimed, used, or secondhand;
7. represents that goods or services are of a particular standard, quality, or grade or that goods are a particular style or model, if they are of another;
8. disparages the goods, services, or business of another by false or misleading representation of fact;
9. advertises goods or services with intent not to sell them as advertised;
10. advertises goods or services with intent not to supply reasonably expectable public demand, unless the advertisement discloses a limitation of quantity;
11. makes false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;
12. engages in any other conduct which similarly creates a likelihood of confusion or misunderstanding.

Despite its detail, this statute seems unlikely to affect nonprofit institutions that hope to use pre-1972 sound recordings, as they have little risk of engaging in public deception or risk of confusion.

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<sup>289</sup> 815 ILL. COMP. STAT. 510/2(a) (2006).

<sup>290</sup> *Nat'l Football League Props., Inc. v. Consumer Enter., Inc.*, 26 Ill. App. 3d 814 (1975).

<sup>291</sup> 815 ILL. COMP. STAT. 510/2(c) (2006).

<sup>292</sup> *Id.* 510/2(b).

In *Bonner v. Westbound Records, Inc.*,<sup>293</sup> the Appellate Court of Illinois explained that the Uniform Deceptive Trade Practices Act provides a remedy to be used where there is a likelihood of confusion concerning the source of the goods or services.<sup>294</sup> In that case, original performances by the artists on the sound recordings were substantially altered by the defendant without the plaintiffs' consent.<sup>295</sup> The recording artists claimed that there would be a likelihood of confusion over who actually wrote and performed the songs on the album, and the performers argued that constituted a deceptive trade practice. The performers originally had a recording contract with Westbound Records, but they repudiated the contract, and the court held that the terms of the contract did not permit Westbound to overdub the performances by musicians other than the plaintiffs.<sup>296</sup> The court concluded that, given this information, the plaintiffs successfully alleged and demonstrated a likelihood of proving that the defendant engaged in deceptive trade practices.<sup>297</sup> Because the Uniform Deceptive Trade Practices Act codifies Illinois common law regarding unfair competition, and the court found that the plaintiffs' argument will succeed under the act, it is also very likely that the plaintiffs would succeed under the common law claim of unfair competition.<sup>298</sup> The defenses of unclean hands and laches were unsuccessful.<sup>299</sup>

#### 4. Nonstatutory Causes of Action

##### a. Common Law Copyright

The elements of the tort of infringement of a common law copyright in Illinois include the following:

1. the existence of a proprietary right of the plaintiff which is protected by common law;
2. infringement of that property right by the defendant through copying or other similar forms of misappropriation; and
3. damages resulting to the plaintiff.<sup>300</sup>

*Szczesny v. WGN Continental Broadcasting Corp.*<sup>301</sup> was an appeal from a summary judgment entered in favor of WGN in an action to recover damages for common law copyright infringement of a promotional television program.<sup>302</sup> The Appellate Court of Illinois iterat-

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<sup>293</sup> 49 Ill. App. 3d 543 (1977).

<sup>294</sup> *Id.* at 548-49.

<sup>295</sup> *Id.* at 549 (explaining that "[d]efendants took unedited and unfinished Ohio Players performances on tape, wrote new music and words to go along with the incomplete songs, hired other musicians to play the new music and words, overdubbed the new music and words onto the Ohio Players performances, edited the new songs, and released them as being performed by the Ohio Players.").

<sup>296</sup> *Id.* at 545-46.

<sup>297</sup> *Id.* at 549.

<sup>298</sup> *Id.* at 551.

<sup>299</sup> *Id.*

<sup>300</sup> *Fenton McHugh Prods., Inc. v. WGN Cont'l Prods. Co.*, 105 Ill. App. 3d 481, 485 (1982).

<sup>301</sup> 20 Ill. App. 3d 607 (1974).

<sup>302</sup> *Id.* at 608.

ed in this case, that in order to possess a common law copyright the following must be true: (1) the idea is novel or original; (2) the idea has been reduced to expression in a concrete form; and (3) the author has not published the idea or consented to its publication.<sup>303</sup> When the property is appropriated, a claim for common law copyright infringement based on a tort or quasi-contract arises.<sup>304</sup> To recover, the plaintiff must prove copying (an inference of copying can be made when there is substantial similarity between the plaintiff's and defendant's work) and that the defendant had access to the plaintiff's work.<sup>305</sup> The defense of independent development is applicable where the evidence is clear and uncontradicted, but it is an issue of fact for the trial court to decide.<sup>306</sup> The standard used to examine whether two works are substantially similar is "the common knowledge of the average reader, observer, spectator or listener."<sup>307</sup>

#### **b. Defenses**

No Illinois case establishes a defense of fair use to a claim of common law copyright infringement; however, the defense of independent development does exist. Further, a defendant generally avoids liability under common law copyright if the owner published the original work. Some states fail to find that a work has been published, even in cases where the work has been commercially sold, so it is important to determine how Illinois defines "publication."<sup>308</sup>

#### **c. Unfair Competition**

See the above discussion of the Illinois Uniform Deceptive Trade Practices Act.

#### **d. Misappropriation**

In Illinois common law, the elements of misappropriation are dependent on what is allegedly being misappropriated; frequently, the issue revolves around a trade secret. Misappropriation of identity is relevant to sound recordings. "To plead misappropriation of identity, the plaintiff must claim an appropriation, without consent, of one's name or likeness for another's use or benefit. A claimant alleging misappropriation of identity need not prove actual damages, because the court will presume damages if someone infringes his right to control his identity."<sup>309</sup>

*Capitol Records v. Spies*<sup>310</sup> specifically dealt with misappropriation and sound recordings. Capitol Records alleged that Spies was engaging in piracy by appropriating and copying sound recordings to

<sup>303</sup> *Id.* at 612.

<sup>304</sup> *Id.*

<sup>305</sup> *Id.*

<sup>306</sup> *Id.* at 614.

<sup>307</sup> *Id.* at 613 (citing *Teich v. Gen. Mills, Inc.* 170 Cal. App. 2d 791 (1959)).

<sup>308</sup> See *supra* Part I.D(1) (discussing common law copyright and the problem of publication).

<sup>309</sup> *Petty v. Chrysler Corp.*, 343 Ill. App. 3d 815, 826 (2003).

<sup>310</sup> 130 Ill. App. 2d 429 (1970).

magnetic tapes that Spies was selling for a profit.<sup>311</sup> Spies did include the names of the recording artists on the tape labels, but he neither obtained permission nor paid a fee to appropriate the recordings.<sup>312</sup> Capitol complained that Spies's acts caused a likelihood of confusion as to the source of the tapes, and that it constituted an unfair trade practice, wrongful appropriation, and unjust enrichment.<sup>313</sup> The court concluded that Spies engaged in unfair competition and misappropriation.<sup>314</sup>

## 5. Right of Publicity

### a. Right of Publicity Act

Illinois' Right of Publicity Act replaces the common law right of publicity as of January 1, 1999.<sup>315</sup> However, the rights provided in the Act do not affect an individual's common law rights that existed prior to that effective date.<sup>316</sup> The Right of Publicity Act prohibits the use of another person's identity for commercial purposes during the person's lifetime or within 50 years after the individual's death without receiving written consent from the appropriate representative.<sup>317</sup> The act does not apply to "use of an individual's identity in an attempt to portray, describe, or impersonate that individual in a live performance, a single and original work of fine art, play, book, article, musical work, film, radio, television, or other audio, visual, or audio-visual work, provided that the work ... does not constitute a commercial advertisement. ..."<sup>318</sup> Notably, under the Definitions section of the statute, "identity" does include voice.<sup>319</sup>

In *Toney v. L'Oreal USA, Inc.*,<sup>320</sup> the United States Seventh Circuit Court of Appeals instructed that *Baltimore Orioles v. Major League Baseball Players Assn.*<sup>321</sup> misconstrued state right of publicity laws as being pre-empted under the federal Copyright Act.<sup>322</sup> Although

<sup>311</sup> *Id.* at 429.

<sup>312</sup> *Id.* at 430.

<sup>313</sup> *Id.*

<sup>314</sup> *Id.* at 434.

<sup>315</sup> 765 ILL. COMP. STAT. 1075/60 (2006).

<sup>316</sup> *Id.*

<sup>317</sup> 765 ILL. COMP. STAT. 1075/30(a)-(b) (2006).

<sup>318</sup> 765 ILL. COMP. STAT. 1075/35(b)(1) (2006). See *id.* at 1075/35(b)(2)-(5) for other situations in which the statute does not apply.

<sup>319</sup> 765 ILL. COMP. STAT. 1075/5.

<sup>320</sup> 406 F.3d 905 (7th Cir. 2005).

<sup>321</sup> 805 F.2d 663 (7th Cir. 1986).

<sup>322</sup> See 406 F.3d at 911. The case also clarifies the holding in *Baltimore Orioles* by explaining that:

"[S]tate laws that intrude on the domain of copyright are preempted even if the particular expression is neither copyrighted nor copyrightable. Such a result is essential in order to preserve the extent of the public domain established by copyright law. Therefore, states may not create rights in material that was published more than 75 years ago, even though that material is not subject to federal copyright. Also, states may not create copyright-like protections in materials that are not original enough for federal protection." *Id.*

photographs taken of an individual may be subject to copyright protection, the actual persona of the individual who is the subject of the photograph remains protected by the Illinois Right of Publicity Act because a persona does not constitute an original work of authorship fixed in a tangible medium of expression as defined in the Copyright Act.<sup>323</sup> Only state laws that are duplicative of protections afforded by the Copyright Act are pre-empted by federal law.<sup>324</sup> In *Toney v. L'Oreal*, the fact that the defendant owned copyrights to the model's photographs was not relevant in regard to the model's Illinois Right of Publicity claim.<sup>325</sup> The problem in the case was the appearance that the model endorsed a particular hair product in question when she had not actually done so.<sup>326</sup> The court held that the Illinois Right of Publicity Act was not pre-empted by federal copyright law.<sup>327</sup>

The *Toney* case is relevant to the issue of sound recordings because it explains that the purpose of the Illinois Right of Publicity Act (IRPA) is to allow a person to control the commercial value of his or her identity. Although "commercial purpose" is not a required element of the federal Copyright Act, "commercial purpose" is an element required by the IRPA. The phrase is defined as "the public use or holding out of an individual's identity (i) on or in connection with the offering for sale or sale of a product, merchandise, goods, or services; (ii) for purposes of advertising or promoting products, merchandise, goods, or services; or (iii) for the purpose of fundraising."<sup>328</sup> Thus, performers who have been recorded prior to 1972 would potentially have a cause of action against anyone who uses their work in a commercial, advertising, or fundraising manner.

#### **b. Common Law Right of Publicity**

There are no cases involving sound recordings and the common law right of publicity (or appropriation) in Illinois. Prior to the enactment of the Right of Publicity Act in 1999, the right of publicity was based solely on the common law. According to the Restatement (Second) of Torts, "one who appropriates to his own use or benefit the name or likeness of another is subject to liability to the other for invasion of his privacy."<sup>329</sup> Although the Illinois legislature passed the Right of Publicity Act in 1999 supplanting the common law appropriation tort,<sup>330</sup> the act "does not affect an individual's common law rights as they existed before the effective date of th[e] Act."<sup>331</sup>

<sup>323</sup> *Id.* at 911.

<sup>324</sup> *Id.*

<sup>325</sup> *Id.*

<sup>326</sup> *Id.*

<sup>327</sup> *Id.* See also *Eick v. Perk Dog Food Co.*, 347 Ill. App. 293, 306 (1952) (holding that the plaintiff stated a cause of action for invasion of the plaintiff's right to privacy where defendant used the plaintiff's photograph for advertising purposes without plaintiff's authorization).

<sup>328</sup> *Toney v. L'Oreal USA, Inc.*, 406 F.3d 905, 910 (7th Cir. 2005) (quoting § 765 Ill. Comp. Stat. 1075/5).

<sup>329</sup> Restatement (Second) of Torts § 652C (1977).

<sup>330</sup> *Villa v. Brady Publ'g*, No. 02 C 570, 2002 U.S. Dist. LEXIS 11753, at \*3-4 (N.D. Ill. June 27, 2002).

<sup>331</sup> 765 ILL. COMP. STAT. 1075/1 (2006).

### ***c. Common Law Right of Privacy***

The court in *Cassidy v. American Broadcasting Companies, Inc.*<sup>332</sup> explained that the common law right to privacy was reaffirmed in the Illinois Constitution, stating that the Illinois Constitution guarantees people “a certain remedy in the laws for all injuries and wrongs which he receives to his person, privacy, property or reputation.”<sup>333</sup>

## **6. Potential Defenses for Nonprofit Institutions**

Under Illinois law (both statutory and common law), nonprofit institutions seem to have a few potential defenses to their use of pre-1972 sound recordings. Illinois’ only statutory exemption applies to broadcasters who transfer sound in connection with a radio or television broadcast, or for archival purposes. If this provision could extend to Webcasting, then perhaps a nonprofit institution could avoid liability for the Webcasting of the sound recording. It is unclear whether any Illinois court would extend the exemption in such a manner. While the criminal statute fails to contain express exemptions for personal use or use by a nonprofit organization, the inclusion of language reflecting a requirement of commercial intent (i.e., “purpose to sell”) suggests that defendants may avoid liability by claiming that their use was noncommercial. However, as noted above, *Zakarian* seems to indicate that the Illinois courts may find infringement even without proof of commercial intent. This should certainly give pause to any nonprofit organization contemplating the use of sound recordings. Consent, however, remains a defense.

In terms of the Uniform Deceptive Trade Practices Act, a defendant would have to demonstrate that their use did not fall under any of the 12 categories of prohibited acts listed above. Generally speaking, if a nonprofit institution can show that its use of the sound recordings does not pass off the source of the recordings or in any way deceive the public about the source, nature, or use of the sound recordings, their use would likely not infringe upon the Act. Further, most of the provisions seem to apply to commercial uses or uses for advertising purposes.

In order to escape liability under common law copyright, a defendant may attempt to show that the owner did not suffer any harm. Further, consent is a defense. A defendant may also defend use by claiming that the owner had published the original work, thus extinguishing any common law copyright. Under the doctrines of unfair competition and misappropriation, a nonprofit institution may avoid liability by demonstrating that its use does not create a likelihood of confusion.

Regarding the right of publicity, the Illinois Right of Publicity Act seems to tie prohibited use to commercial purpose. Thus, a nonprofit institution may argue noncommercial use. Under the common law right to privacy, the institution should argue that the use neither

<sup>332</sup> 60 Ill. App. 3d 831 (1978).

<sup>333</sup> *Id.* at 837 (quoting ILL. CONST. 1970, art. I, § 12).

invades privacy nor causes harm to the owner or to the owner's property. Again, perhaps an argument of noncommercial use could suffice.

## Massachusetts

### 1. History

Massachusetts passed an antipiracy statute for sound recordings in 1973.<sup>334</sup> The statute made it unlawful to make copies of a sound recording without the consent of the owner, and the statute did not make clear whether it applied to all sound recordings or only to those made before 1972. In 1990, the statute was revised to add sections (1) prohibiting the recording of live performances, (2) requiring that the containers of sound recordings display the name and address of the manufacturer, (3) changing the criminal punishments, and (4) allowing the state to destroy equipment used to make unlawful copies. The statute was revised again in 2004 to add sections making it unlawful to make audiovisual copies of performances of motion pictures in movie theaters.

### 2. Criminal Statutes

#### *a. Sound Recording Antipiracy Statute*

Massachusetts has a statute explicitly addressing sound recordings. M.G.L.A. 266 § 143 makes it unlawful:

- (1) to directly or indirectly transfer or cause to be transferred any sound recording with intent to sell, rent, or transport, or cause to be sold, rented or transported, without the owner's consent.
- (2) to use or cause to be used a sound recording for profit through public performance, without the owner's consent.
- (3) to sell a sound recording with the knowledge that the recording has been so transferred without owner's consent.
- (4) to record a live performance for commercial advantage or private financial gain, with knowledge that such recording is without the consent of the owner.
- (5) to advertise, sell, rent, transport a recording of a live performance, or to cause one of those things to happen, with knowledge that the live performance was not recorded with the consent of the owner.

The statute does not apply to:

- (1) any person lawfully entitled to use or who causes to be used such sound recordings for profit through public performance, or who transfers or causes to be transferred any such sound recording as part of a radio or television broadcast or for archival

<sup>334</sup> MASS. GEN. LAWS ch. 266 § 143 (2005).

preservation.<sup>335</sup>

(2) local, state, or federal law enforcement officers employing an audiovisual recording function during the lawful exercise of law enforcement duties.

Conviction for violating the statute may bring one of the following punishments:

(1) imprisonment for not more than one year and/or by a fine of not more than \$25,000;

(2) imprisonment for not more than two years or by a fine of not more than \$100,000, or by both such fine and imprisonment if the offense involves less than 1,000 but not less than 100 unlawful sound recordings; or,

(3) imprisonment in state prison for not more than five years or by a fine of not more than \$250,000, or by both such fine and imprisonment if the offense involves not less than 1,000 unlawful sound recordings.

#### ***b. Possible Defenses to Antipiracy Statute***

Although there is scant case law interpreting defenses to the state sound recording statute, the text of the statute suggests some possible defenses. For example, consent of the original owner of the sound recording constitutes a defense. Another possible defense is that the activity fell within one of the statutory exemptions, including one for broadcasting and archival preservation. Unlike other state statutes, this one is worded to suggest that the archival exception may be independent of, rather than subsidiary to, the broadcasting exception. Unfortunately, as is true elsewhere, there is no clear indication of the scope of the archival exception, and (in particular) whether it would extend to efforts to make archived material available, for example, online. Finally, because the statutory language seems to require commercial intent (i.e., “with intent to sell”), noncommercial use may constitute a valid defense. Again, however, the scope of the commercial intent requirement, and whether it might apply to nonprofits that engaged in cost recovery sales of copies, is unclear.

#### ***c. Statute Criminalizing the Dealing of Stolen Property***

The court in *Commonwealth v. Yourawski*<sup>336</sup> stated that the intellectual property of a sound recording is not “property” as defined by the larceny statute. In that case, the defendant copied two videocassettes of the movie *Star Wars*. The defendant was charged for the larceny of the intellectual property on the original videocassettes, not for the larceny of the videocassettes themselves. Although there is no case law stating this proposition, it would seem that the statute could not be used as the basis of private action for the owner of a sound recording.

<sup>335</sup> MASS. GEN. LAWS ch. 266 § 143D (2005).

<sup>336</sup> 425 N.E.2d 298 (Mass. 1981). See also *Commonwealth v. Rivers*, 583 N.E. 2d 867, 868 (Mass. App. Ct. 1991).

#### **d. Labeling Laws**

The sound recording statute states, “Whoever for commercial advantage or private financial gain knowingly manufactures, rents, sells, transports, or causes to be manufactured, rented, sold or transported, or possesses for purposes of sale, rental or transport, any recorded device the outside packaging of which does not clearly and conspicuously bear the true name and address of the transferor of the sounds or images contained thereon shall be punished as provided in § 143E.”<sup>337</sup> This statute therefore requires the clear labeling of the manufacturer of an item, presumably to inform the public about the true source of the good.

### **3. Civil Statutes**

Massachusetts has a civil right of publicity statute (see below).

### **4. Nonstatutory Causes of Action**

#### **a. Common Law Copyright**

The court in *Edgar H. Wood Associates, Inc. v. Skene*<sup>338</sup> stated that Massachusetts had a common law copyright for unpublished works, but it did not state what protections come with common law copyright. The court did note that common law copyright protections extinguish upon publication. For a work to be published, the action taken by the owner must reflect “such a disclosure, communication, circulation, exhibition, or distribution of the subject of copyright, tendered or given to one or more members of the general public, as implies an abandonment of the right of copyright or its dedication to the public.”<sup>339</sup> This statement suggests, but does not demonstrate conclusively, that common law copyright is extinguished in Massachusetts upon a sound recording’s commercial distribution.

#### **b. Unfair Competition**

In Massachusetts, a claim of unfair competition must contain evidence of actual or probable deception of the public that harms the plaintiff, as well as proof that the plaintiff is in the same trade as the defendant.<sup>340</sup> In *Uproar Co. v. National Broadcasting Co.*,<sup>341</sup> the court held that where a radio artist’s script belonged to an advertiser putting on a program, a third party’s publication of the subject matter of the artist’s broadcast constituted an unfair business practice that could be enjoined by the advertiser.<sup>342</sup> The case suggests that unfair competition could be applied to intellectual property such as sound recordings. However, the unlikelihood of confusion would seem to

<sup>337</sup> MASS. GEN. LAWS ch. 266 § 143C (2005).

<sup>338</sup> 197 N.E.2d 886 (Mass. 1964).

<sup>339</sup> See *id.* at 892.

<sup>340</sup> *Women’s Mut. Benefit Soc’y., St. Mary of Carmen, v. Catholic Soc’y Feminine of Maria, S.S. of Monte Carmelo*, 23 N.E.2d 886, 888 (Mass. 1939).

<sup>341</sup> 8 F. Supp. 358 (D. Mass 1934).

<sup>342</sup> *Id.* at 362.

constitute a defense, and it seems unlikely that the use of a pre-1972 sound recording by a nonprofit institution would cause such confusion or would involve such deception.

### **c. Misappropriation**

In Massachusetts, the claim of misappropriation is most commonly applied to trade secrets. The theory is generally articulated as “the breach of the duty not to disclose or to use without permission confidential information acquired from another.”<sup>343</sup> In a trade secret misappropriation claim, the plaintiff must establish three elements: (1) the plaintiff possesses a trade secret; (2) the plaintiff took reasonable steps to preserve the secrecy of the trade secret; and (3) the defendant breached the duty not to disclose or to use the trade secret.<sup>344</sup> The plaintiff bears the burden of proving that the defendant misappropriated and wrongfully used the plaintiff’s trade secret.<sup>345</sup> Case law tying misappropriation to sound recording infringement, or that of any other intellectual property, has not been found.

### **d. Conversion**

The theory of conversion states that a defendant must have intentionally or wrongfully exercised acts of ownership, control, or dominion over personal property to which he or she has no right of possession at the time.<sup>346</sup> There is no case law extending the theory to sound recordings, but there is case law that discusses how the theory applies to intellectual property generally.

In one case, *Lee v. Mt. Ivy Press, L.P.*,<sup>347</sup> the court found that the defendant, a publishing company, converted the copyright and royalties owed to the plaintiff, an author, under their publishing agreement. The publishing company was accused of “(1) failing to provide reasonably prompt feedback on the manuscript; (2) fraudulently obtaining copyright registration in the name of Mt. Ivy; (3) failing to adequately market, publicize, and promote the book; (4) fraudulently pursuing the sale of the French translation rights, which were specifically excluded from the contract; (5) failing to pay royalties; (6) failing to provide timely and accurate accountings; and (7) refusing to give Lee proper authorship credit.”<sup>348</sup> Meanwhile, in *Nadal-Ginard v. Children’s Hosp. Corp.*,<sup>349</sup> the court found that the plaintiff’s intellectual property was not converted. The court stated, “One cannot convert the plaintiff’s intellectual property even if one converts the [tangible expressions], since ownership of each is distinct and to steal one is not to steal the other.”<sup>350</sup>

<sup>343</sup> *Jet Spray Cooler, Inc. v. Crampton*, 385 N.E.2d 1349, 1354 (Mass. 1979).

<sup>344</sup> *Peggy Lawton Kitchens, Inc. v. Hogan*, 466 N.E.2d 138, 139-40 (Mass. App. Ct. 1984); *J.T. Healy & Son, Inc. v. James A. Murphy & Son, Inc.*, 260 N.E.2d 723 (Mass. 1970).

<sup>345</sup> *USM Corp. v. Marson Fastener Corp.*, 467 N.E.2d 1271, 1284 n. 17 (Mass. 1984).

<sup>346</sup> *Abington Nat’l Bank v. Ashwood Homes, Inc.*, 475 N.E.2d 1230, 1233 (Mass. App. Ct. 1985).

<sup>347</sup> 827 N.E.2d 727, (Mass. App. Ct. 2005).

<sup>348</sup> *Id.* at 738.

<sup>349</sup> No. 943782E, 1995 WL 1146118 (Mass. Super. Dec. 1, 1999).

<sup>350</sup> *Id.* at \*8.

## 5. Right of Publicity

### a. *Right of Publicity Statute*

Massachusetts has a statute prohibiting the unauthorized use of name, portrait, or picture of a person for advertising purposes.<sup>351</sup> The statute exempts pictures of individuals that were used for literary, musical, or artistic purposes, or that were part of manufactured goods.<sup>352</sup> There is no case law connecting the statute to sound recordings or other copyrighted works, and given the statutory language, it is doubtful whether it could be used in that manner.

### b. *Common Law Right of Publicity*

Massachusetts does not have a common law theory covering the right of publicity.<sup>353</sup> Instead, Massachusetts recognizes four forms of invasion of privacy: (1) intrusion upon a person's solitude or seclusion; (2) appropriation of a person's name or likeness; (3) public disclosure of private facts about a person; and (4) placing a person in a false light.<sup>354</sup> The case law applies the theory as a way to protect people's privacy, rather than as a way to control the economic exploitation of one's identity. As such, it is doubtful that it could be extended to sound recording infringement.

## 6. Potential Defenses for Nonprofit Institutions

Under Massachusetts law (both statutory and common law), nonprofit institutions seem to have a number of viable defenses to claims of unauthorized use of pre-1972 sound recordings. Massachusetts is limited in terms of express statutory exemptions, however. Unlike many other states, Massachusetts does not expressly exempt personal use or use by nonprofit or educational institutions. The only statutory exemptions cover broadcasters who transfer sound for use in broadcasting or for archival purposes, and law enforcement officials. However, the statutory language of M.G.L.A. 266 §143 does seem to require that commercial intent be found before a user will be held criminally liable. Because each of the provisions contains language such as "intent to sell," "commercial advantage," or "financial gain," a nonprofit institution may escape liability by claiming that its preservation or use of pre-1972 sound recordings is noncommercial use. Of course, institutions may also avoid liability by obtaining the consent of the owner of the sound recording.

In terms of common law theories, if Massachusetts does indeed lack common law copyright that survives public distribution, nonprofit institutions that deal with commercial sound recordings have one less legal provision to consider. However, the *Uproar* case, decided under the doctrine of unfair competition, may constrain the use of unpublished works if the institution's use can be considered

<sup>351</sup> MASS. GEN. LAWS ch. 214 § 3A (2005).

<sup>352</sup> *Id.*

<sup>353</sup> *Minovitch v. Battin*, No. 005159(J), 2005 WL 2009453, at \*5 (Mass. Super. July 15, 2005).

<sup>354</sup> *Id.* See also Nolan and Sartorio, *Tort Law*, Mass. Practice Series, Vol. 37, Sec. 33, n. 1.

publication of a business asset. In terms of unfair competition, nonprofit institutions may avoid liability by showing that their actions (1) do not constitute competition, (2) do not deceive the public about the source of the sound recording, or (3) do not cause any harm to the owner of the sound recording.

As far as conversion is concerned, a nonprofit institution may be found to have converted physical property, but it is unlikely that the use of the intellectual property (the recorded sounds) would sustain an allegation of conversion. Finally, nonprofit institutions could avoid a violation of Massachusetts's right of publicity statute as long as they do not use a name, picture, or portrait for advertising or similar purposes. Thus, a nonprofit institution may not want to use the picture or name of the sound recording artist in advertising their intended use without first obtaining consent from that person; however, the institution would likely not trigger the statute by using the sounds themselves.

## New Jersey

### 1. History

On April 25, 1991, the State of New Jersey enacted the New Jersey Anti-Piracy Act.<sup>355</sup> The act had two purposes: (1) to protect the rights of copyright owners, and (2) to protect the public from false and deceptive commercial practices.<sup>356</sup> To accomplish its goals, the statute offered copyright protection for sound recordings. Specifically, the act made it illegal to (1) knowingly transfer sound recordings without consent of the owner with the intent to sell any such recording or (2) use the sound recording to promote the sale of products.<sup>357</sup> The law applies to all sound recordings made prior to February 15, 1972.

Technological advances drove the New Jersey legislature to enact the Anti-Piracy Act.<sup>358</sup> New technologies, which created dramatic advances in recording technologies, resulted in a tremendous decrease in the costs of illegally re-recording sounds.<sup>359</sup> Consequently, earlier statutes no longer provided adequate protection to sound recordings.<sup>360</sup>

While no definitive legislative statement indicates the basis for the 1991 act, New Jersey courts have compared N.J. STAT. § 2C:21-21 to other states' antipiracy statutes, which predate the New Jersey

<sup>355</sup> N.J. STAT. ANN. § 2C:21-21 (2006).

<sup>356</sup> *State v. el Moghrabi*, 341 N.J. Super. 354, 361 (App. Div. 2001).

<sup>357</sup> N.J. STAT. ANN. § 2C:21-21(c)(1) (2006).

<sup>358</sup> *State v. el Moghrabi*, 316 N.J. Super. 139, 142 (App. Div. 1998). The court quotes the legislative statement attached to the bill that became the Anti-Piracy Act. *See* Assembly Judiciary, Law and Pub. Safety Comm., Statement to Assembly No. 4232 (N.J. Feb. 21, 1991).

<sup>359</sup> *Moghrabi*, 316 N.J. Super. at 142.

<sup>360</sup> *Id.*

legislation.<sup>361</sup> In *New Jersey v. el Moghrabi*,<sup>362</sup> while examining the New Jersey Anti-Piracy statute, the court commented that California law “was indistinguishable from ours.”<sup>363</sup> The court also found additional similarities between the New Jersey statute and the law of Pennsylvania.<sup>364</sup>

Before New Jersey enacted the Anti-Piracy Act, sound recordings made prior to February 15, 1972, were protected by common law copyright. Common law copyright seems to coexist with the Anti-Piracy Act as long as the work is unpublished.

In 2004, the act was amended. The changes extended copyright protections to audiovisual works and any part therein, such as the soundtrack or sound effects within a motion picture. Proscriptions on re-recording any element or part of the audiovisual work included “accompanying sounds.”<sup>365</sup> Thus, the New Jersey legislature continued to struggle with the question of balancing technological innovation and legal protection.

The gist of New Jersey’s statute seems to be that if an organization handling pre-1972 sound recordings does so without intending to financially or commercially profit, that entity will not infringe upon a copyright.

## 2. Criminal Statutes

### a. *Sound Recording Antipiracy Statute*

New Jersey has a state statute<sup>366</sup> explicitly addressing sound recordings. N.J. STAT. § 2C:21-21 makes it unlawful to:

1. knowingly transfer, without the consent of the owner, any sounds recorded on a sound recording with intent to sell the sound recording onto which the sounds are transferred or to use the sound recording to promote the sale of any product, provided, however, that this paragraph shall only apply to sound recordings initially fixed prior to February 15, 1972;
2. knowingly transport, advertise, sell, resell, rent, or offer for rental, sale or resale, any sound recording or audiovisual work that the person knows has been produced in violation of this act;
3. knowingly manufacture or transfer, directly or indirectly by any means, or record or fix a sound recording or audiovisual work, with the intent to sell or distribute for commercial advantage or private financial gain, a live performance with the knowledge that the live performance has been recorded or fixed without the consent of the owner of the live performance;
4. for commercial advantage or private financial gain, knowingly advertise or offer for sale, resale or rental, or sell, resell, rent or

<sup>361</sup> *Moghrabi*, 341 N.J. Super. at 361-62.

<sup>362</sup> *Id.*

<sup>363</sup> *See id.* at 361 (citing *Anderson v. Nidorf*, 26 F.3d 100 (9th Cir. 1994) as an example of valid state law in the area of consumer protection).

<sup>364</sup> *Id.* at 362 (discussing *Commonwealth v. Martin*, 694 A.2d 343 (Pa. Super. Ct. 1997)).

<sup>365</sup> 2004 N.J. Laws 144.

<sup>366</sup> N.J. STAT. ANN. § 2C:21-21 (2006).

transport, a sound recording or audiovisual work or possess with intent to advertise, sell, resell, rent or transport any sound recording or audiovisual work, the label, cover, box or jacket of which does not clearly and conspicuously disclose the true name and address of the manufacturer, and, in the case of a sound recording, the name of the actual performer or group;

5. knowingly operate an audiovisual recording function of a device in a facility while a motion picture is being exhibited, for the purpose of recording the motion picture, without the consent of both the licensor of the motion picture and the owner or lessee of the facility.

The statute does not apply to:

1. any broadcaster who, in connection with or as part of a radio or television broadcast transmission, or for the purposes of archival preservation, transfers any sounds or images recorded on a sound recording or audiovisual work;
2. any person who, in his own home, for his own personal use, and without deriving any profit, transfers any sounds or images recorded on a sound recording or audiovisual work;
3. any law enforcement officer who, while engaged in the official performance of his duties, transfers any sounds or images recorded on a sound recording or audiovisual work.

Violation of the statute is a felony of the third degree.<sup>367</sup>

### ***b. Possible Defenses to Antipiracy Statute***

Contained within the Anti-Piracy Act are exemptions and, consequently, potential defenses to infringement. For example, receiving an owner's consent avoids liability. The lack of intent to sell the copied recording for profit or promotion is another potential defense. Finally, broadcasting the sounds on a radio program, recording the sounds for archival purposes, or individually recording the sounds at home for personal use would not violate the statute. Nowhere in the New Jersey Code, however, is "broadcaster" defined. Therefore, a question remains as to what exactly is meant and who might be eligible for this exemption—and whether, for example, it might apply to a nonprofit institution making recordings available online.

### ***c. Labeling Laws***

New Jersey's Anti-Piracy Act specifically addresses the labeling of sound recordings.<sup>368</sup> Violation of the act occurs if the label, cover, box, or jacket of the sound recording does not "clearly and conspicuously disclose the true name and address of the manufacturer, and, in the case of a sound recording, the name of the actual performer or group."<sup>369</sup>

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<sup>367</sup> Punishment varies, depending on the number of unauthorized sound recordings and the period of time in which the recordings were made.

<sup>368</sup> N.J. STAT. ANN. § 2C:21-21(c)(4) (2006).

<sup>369</sup> *Id.*

In *Moghrabi*,<sup>370</sup> a routine traffic stop resulted in the discovery of approximately 800 illegal video cassette reproductions of various movies. At different stages of the case, elements of the Anti-Piracy Act were examined. The court held the legislature had been so concerned with pirating that it had created the act, placing copying of sounds or videos outside the general forgery laws and into a much more punitive statute.<sup>371</sup> The videotapes were found to be illegal copies because, among other reasons, the labels were poor reproductions of legitimate labels, they lacked "heat stamps" (which mark authorized tapes), and were not professionally packaged.<sup>372</sup> Consequently, the defendants were found guilty of violating § (c)(4) of the Anti-Piracy Act.<sup>373</sup>

### 3. Civil Statutes

New Jersey has no civil right of publicity statute (see below).

### 4. Nonstatutory Causes of Action

#### a. Common Law Copyright

Common law copyright in New Jersey can be traced to the 1887 case of *Aronson v. Baker*,<sup>374</sup> which set out the elements of common law copyright. Under this precedent, copyright protection is afforded to the owner of literary property that is (1) the product of mental labor; (2) in writing or another material form; and (3) unpublished.<sup>375</sup>

In *Rowe v. Golden West Television Productions*,<sup>376</sup> the plaintiff brought a claim of common law copyright infringement. The plaintiff argued the defendant's documentary film *Scared Straight* infringed on his common law copyright in a juvenile-awareness program. The court rejected Rowe's claim because there existed no tangible form to which copyright could attach. The exchange sessions between prisoners and youths were not physically manifested in another format. Additionally, the court reasoned that even if the plaintiff had made a tangible work, the federal copyright statute pre-empted his claim. It should be reiterated, however, that federal copyright law will pre-empt only sound recordings after 1972. Thus, if a pre-1972 work is unpublished, the owner will retain a common law copyright in it.

In New Jersey, as elsewhere, common law copyright applies to published works only if publication was limited rather than general in scope—a point that comes out most clearly in a group of cases relating to protection for architectural works: "If the publication is a limited publication, the restrictions limiting the use of the subject matter to some definite purpose preserve the architect's common law

<sup>370</sup> 341 N.J. Super. 354 (App. Div. 2001).

<sup>371</sup> *Moghrabi*, 316 N.J. Super. at 141 (App. Div. 1998).

<sup>372</sup> 341 N.J. Super. at 359-60.

<sup>373</sup> *Id.*

<sup>374</sup> 43 N.J. Eq. 365 (Ch. 1887).

<sup>375</sup> *Id.* at 367.

<sup>376</sup> 184 N.J. Super. 264 (App. Div. 1982).

protection.”<sup>377</sup> According to the *Krahmer* court, determining whether publication is general or limited is a question of intent, “i.e., did the act of [distribution] demonstrate an interest either to abandon his rights in the work or to dedicate it to the public?”<sup>378</sup> Publication occurs when there has been “such a dissemination of the work of art itself among the public as to justify that it took place with the intention of rendering such work common property.”<sup>379</sup> The court also noted that “performance is not a publication.”<sup>380</sup> An interesting subnote to the discussion of publication is that New Jersey places the burden of publication on the defendant.<sup>381</sup>

#### **b. Unfair Competition/Misappropriation**

In *Columbia Broadcasting System v. Melody Recordings*,<sup>382</sup> the plaintiffs brought suit, in the aftermath of *Goldstein v. California*,<sup>383</sup> against defendants who engaged in the business of duplicating tapes and sound recordings from the original recordings. In an effort to avoid liability, the defendants invoked the unfair competition law. The defendants argued that because the unfair competition statute did not expressly prohibit the reproduction of pre-1972 sound recordings, the actions undertaken did not violate state law. The court disagreed, holding that “the statute relied upon does not, by negative implication, immunize from judicial concern business or commercial conduct, which is injurious and otherwise unfair, improper and wrongful.”<sup>384</sup> Moreover, the defendants contended that because they did not palm off the copies, they did not violate the common law. Again the court disagreed, stating “Misappropriation and tortuous exploitation of another’s product may constitute unfair competition without a ‘palming off.’”<sup>385</sup> According to the CBS case, “commercial injury ensues because defendants have accomplished [the re-recording] at a minimal cost and then sold their ‘original’ duplicates for a substantial profit.”<sup>386</sup> This theory would only seem to apply to a non-profit organization’s use to the extent that it could be characterized as business or commercial conduct.<sup>387</sup>

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<sup>377</sup> *Id.* at 274.

<sup>378</sup> *Id.*

<sup>379</sup> *Id.* (citing *American Tobacco Co. v. Werckmeister*, 207 U.S. 284, 299-300 (1907)).

<sup>380</sup> *Id.* at 275. See *White-Smith Music Pub. Co. v. Apollo Co.*, 209 U.S. 1 (1908).

<sup>381</sup> *Id.* at 274. See *N.J. Dental Soc’y v. Dentacura Co.*, 57 N.J. Eq. 593 (Ch. 1898), *aff’d* 58 N.J. Eq. 582 (E. & A. 1899).

<sup>382</sup> 134 N.J. Super. 368 (App. Div. 1975).

<sup>383</sup> 412 U.S. 546 (1973).

<sup>384</sup> *Melody Recordings, Inc.*, 134 N.J. Super. at 375.

<sup>385</sup> *Id.* at 377.

<sup>386</sup> *Id.* at 379.

<sup>387</sup> See *supra* Part I.B(3) (discussing the possible interpretations of “commercial advantage” and similar terms).

## 5. Right of Publicity

### a. Right of Publicity Statute

New Jersey has no codified right of publicity, and no case law regarding sound recordings has been found.

### b. Common Law Right of Publicity

The courts of New Jersey recognize a common law right of publicity. In *Palmer v. Schonhorn Enterprises*,<sup>388</sup> the court explicitly stated that New Jersey had long recognized a right to privacy and limited the exploitation and commercialization of names and reputations.<sup>389</sup> The case centered on the appropriation for the defendant's benefit of the plaintiff's names or likeness. At issue were several professional golfers who refused to lend their names to a game. The defendant, however, used the golfers' names and personal information on the box, which violated the "right to be free from the unwarranted appropriation or exploitation of one's personality."<sup>390</sup>

Theoretically, one could extend the above argument to include use of a sound recording. For example, unauthorized use of recording of a voice or a song might constitute an appropriation of that individual's likeness if a court found that the voice was so distinctive as to be connected to that individual's likeness.

## 6. Potential Defenses for Nonprofit Institutions

Express statutory exemptions under the New Jersey Anti-Piracy Act might not be of much assistance to nonprofit institutions, unless they use the sound recordings in connection with broadcasting. The personal-use exemption, for example, is limited to use in the home for limited personal-use only. However, because the prohibitions in the New Jersey statute contain language suggesting that commercial use is a prerequisite to liability (e.g., "intent to sell," "commercial advantage"), then nonprofit institutions may avoid liability by demonstrating that their use is noncommercial. If the goal of the statute is (as listed above) to protect copyright owners and to protect the public from deceptive commercial practices, then the statute should not prohibit clear, nondeceptive and noncommercial uses. Of course, consent may also serve as a defense.

Regarding the common law copyright of New Jersey, a nonprofit institution should attempt to prove that the owner had previously "published" the work, thus extinguishing the common law copyright in that work. Some state courts have broadened the definition of "publication" so far that the widespread commercial distribution of a work does not amount to publication,<sup>391</sup> while other courts will find publication under those facts. It remains uncertain how New Jersey

<sup>388</sup> 96 N.J. Super. 72 (Sup. Ct. Chancery Div. 1967).

<sup>389</sup> *Id.* at 75.

<sup>390</sup> *Id.*

<sup>391</sup> See, e.g., *Capitol Records, Inc. v. Naxos of Am.*, 830 N.E.2d 250 (N.Y. App. 2005) (holding that Capitol still retained a common law copyright in a recording despite the fact that the recording had been commercially sold since the 1930s).

would decide the matter. In terms of the doctrine of unfair competition, because New Jersey does not require the demonstration that the defendant palmed off the plaintiff's product, a nonprofit organization must go beyond merely claiming that the work's use would not deceive the public. A nonprofit institution would likely have to demonstrate that there was no injury to the owner or that the use was not unfair. Thus, a demonstration that the use was noncommercial, and therefore noncompetitive, would likely suffice. Finally, regarding the right of publicity, a nonprofit institution could likely defend itself by claiming that its use of the work is noncommercial and that it does not exploit the "likeness" of the original owner.

## New York

### 1. History

Article 275 of the New York State Penal Code<sup>392</sup> contains multiple provisions that apply exclusively to pre-1972 recordings. The thrust of the law's provisions is designed to protect anyone whose legitimate business interests are threatened by those who profit from bootleg or pirated recordings. The law was added in 1978. In a memorandum approving the 1978 legislation, the governor noted, "Representatives of the recording industry estimate that more than \$11 million worth of unauthorized sound recordings are made and sold in New York State each year. This illegal traffic in unauthorized sound recordings deprives legitimate businessmen, members of unions related to the recording industry and performers of their rightful compensation."<sup>393</sup>

Since its introduction in 1978, Article 275 has undergone a few revisions.<sup>394</sup> In 1990, the statute was amended to include modern forms of recordings, such as videocassettes, within the scope of the article, and added a prohibition on the rental as well as the sale of unauthorized recordings. The 1990 revision also subdivided the single-degree crimes of the manufacture of unauthorized recordings, advertisement or sale of unauthorized recordings, and failure to disclose the origin of a recording into two-degree crimes in order to punish repeat offenders and large-scale operations more severely.

In 1995, several significant amendments were made, most of which apply to the unauthorized recordings of live performances and do not encompass pre-1972 recordings. However, several sections were amended to indicate that the "section shall only apply to sound recordings initially fixed prior to February 15, 1972." This

<sup>392</sup> N.Y. PENAL LAW §§ 275.00-.45 (Consol. 2006).

<sup>393</sup> 1978 Governor's Approval Memorandum 20.

<sup>394</sup> See N.Y. PENAL LAW ch. 40, pt. three, tit. P, art. 275 (McKinney 2006) (Providing William Donnino's 1999 Practice Commentary to accompany Article 275) [hereinafter Donnino Commentary].

provision was added in response to *People v. Borriello*,<sup>395</sup> which recognized that after 1972, federal law (17 U.S.C. § 301) pre-empted certain state laws on the subject.

In 1995, the legislature amended the crime of “failure to disclose the origin of a recording” so that its elements required that an accused either omit the identity of the manufacturer or the principle performer or artist. Previously, a defendant could be convicted only if he or she omitted both identities.<sup>396</sup> The legislature’s reasoning for the amendment was as follows:

[C]onsumers should be provided with the name and address of the manufacturer, in the event they have some complaint with respect to the recording. Also, consumers should be provided the name of the principal artist, to avoid the misrepresentation that might otherwise occur if, for example, the recording failed to reveal that “Barbara Streisand’s Greatest Hits” were being sung by Jane Doe. The failure to do either should be a violation of the section.<sup>397</sup>

Additionally, the 1995 amendments altered the article by adding the first-degree crimes to the list of crimes that could constitute a crime of enterprise corruption.<sup>398</sup> In explaining this amendment, the legislature stated:

The last four (4) years of experience with this felony statute have indicated to us that the persons who illicitly and illegally manufacture sound recordings without the permission of the copyright owners do so in an organized enterprise. It is our experience that small cartels of record pirates organize themselves to manufacture and distribute and sell illicit recordings throughout the State of New York. It is our experience that these well organized groups of individuals possess the economic wherewithal to withstand the seizure and forfeiture of their equipment and to write such losses off as a business expense.<sup>399</sup>

## 2. Criminal Statutes

### a. Antipiracy Statute

Article 275 of the New York State Penal Code<sup>400</sup> governs offenses related to unauthorized recordings. The offenses specified in the statute run the gamut from unauthorized manufacture to advertisement or sale of unauthorized recordings to undisclosed origin of such recordings.<sup>401</sup> Though the offenses enumerated are specific, that does

<sup>395</sup> 588 N.Y.S.2d 991 (Sup. Ct. Kings County 1992).

<sup>396</sup> *People v. Burke*, N.Y.L.J., Apr. 11, 1994, at 31, col. 5 (Crim. Ct Bronx County).

<sup>397</sup> Legislative Memorandum cited in Donnino’s Commentary, *supra* note 392.

<sup>398</sup> N.Y. PENAL LAW §§ 275.00-45 (Consol. 2006).

<sup>399</sup> Donnino Commentary, *supra* note 394.

<sup>400</sup> §§ 275.00-45.

<sup>401</sup> *Id.* The text of Article 275 appears below:

not preclude them from being far-reaching. In fact, case law indicates

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**§ 275.00 Definitions**

The following definitions are applicable to this article:

1. "Person" means any individual, firm, partnership, corporation or association.
2. "Owner" means (a) the person who owns, or has the exclusive license in the United States to reproduce or the exclusive license in the United States to distribute to the public copies of the sounds fixed in a master phonograph record, master disc, master tape, master film or any other device used for reproducing sounds on phonograph records, discs, tapes, films, videocassettes, or any other articles upon which sound is recorded, and from which the transferred recorded sounds are directly derived; or (b) the person who owns the rights to record or authorize the recording of a live performance.
3. "Fixed" means embodied in a recording by or under the authority of the author, so that the matter embodied is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.
4. "Performer" means the person or persons appearing in a performance.
5. "Performance" means, whether live before an audience or transmitted by wire or through the air by radio or television, a recitation, rendering, or playing of a series of images, musical, spoken, or other sounds, or a combination of images and sounds, in an audible sequence.
6. "Recording" means an original phonograph record, disc, tape, audio or video cassette, wire, film, or any other medium on such sounds, images, or both sounds and images are or can be recorded or otherwise stored, or a copy or reproduction that duplicates in whole or in part the original.

**§ 275.05 Manufacture of unauthorized recordings in the second degree**

A person is guilty of the manufacture of unauthorized recordings in the second degree when such person:

1. knowingly, and without the consent of the owner, transfers or causes to be transferred any sound recording, with the intent to rent or sell, or cause to be rented or sold for profit, or used to promote the sale of any product, such article to which such recording was transferred, or
  2. transports within this state, for commercial advantage or private financial gain, a recording, knowing that the sounds have been reproduced or transferred without the consent of the owner; provided, however, that this section shall only apply to sound recordings initially fixed prior to February fifteenth, nineteen hundred seventy-two.
- Manufacture of unauthorized recordings in the second degree is a class A misdemeanor.

**§ 275.10 Manufacture of unauthorized recordings in the first degree**

A person is guilty of manufacture of unauthorized recordings in the first degree when he commits the crime of manufacture of unauthorized recordings in the second degree as defined in section 275.05 of this article and either:

1. has previously been convicted of that crime within the past five years; or
2. commits that crime by the manufacture of one thousand unauthorized sound recordings provided, however, that this section shall only apply to sound recordings initially fixed prior to February fifteenth, nineteen hundred seventy-two.

Manufacture of unauthorized recordings in the first degree is a class E felony.

**§ 275.25 Advertisement or sale of unauthorized recordings in the second degree**

A person is guilty of the advertisement or sale of unauthorized recordings in the second degree when such person knowingly advertises, offers for sale, resale, or rental, or sells, resells, rents, distributes or possesses for any such purposes, any recording that has been produced or transferred without the consent of the owner; provided, however, that this section shall only apply to sound recordings initially fixed prior to February fifteenth, nineteen hundred seventy-two.

Advertisement or sale of unauthorized recordings in the second degree is a class A misdemeanor.

**§ 275.30 Advertisement or sale of unauthorized recordings in the first degree**

A person is guilty of the advertisement or sale of unauthorized recordings in the first degree when such person commits the crime of advertisement or sale of unauthorized recordings in the second degree as defined in section 275.25 of this article and either:

1. such person has previously been convicted of that crime within the past five years; or
2. commission of that crime involves at least one thousand unauthorized sound recordings or at least one hundred unauthorized audiovisual recordings.

Advertisement and sale of unauthorized recordings in the first degree is a class E felony.

that even if the actual manufacture of the recordings takes place outside of the state, the defendant may still be criminally prosecuted if his or her actions, such as securing funds in New York, caused the sound recording to be “transferred.”<sup>402</sup> The law distinguishes between first- and second-degree offenses on the basis of number of recordings involved or repeat offenders under the statute. Second-degree offenses are misdemeanors, while first-degree offenses are considered felonies.

Section 275.00 defines “owner” as a person who owns or has an exclusive license to sounds fixed in recording devices such as a master phonograph record, master disc, master tape, or master film, among others. From a legal standpoint it does not appear that the reference to “masters” confers additional or specific rights that one would not have if he or she simply had an exclusive license to the sounds not fixed in a master recording. Unfortunately, there is no legislative discussion that reveals why the term “master” was used. One explanation is that this language is merely a throwback to when the rights to the sound recordings were inferred from actual physical possession of the master recordings. Today, however, the physical possession of physical masters is not necessarily indicative of ownership of the sound recording rights.

As noted above, the purpose of the statute is to protect commercial interests in sound recordings, and each of the provisions requires both knowledge and intent for the act to be criminal. The law does not expressly enumerate any requirement of malicious, fraudulent, or bad faith intent, but it is unclear whether the knowledge and intent required imply bad faith. If bad faith is an element, it is an interesting contrast to the *Naxos* case, in which the court held that bad faith was not an element of a civil copyright infringement claim under the common law.

Although the statute does not expressly require bad faith intent, commercial intent in each section specifies some sort of commercial requirement (i.e., “to rent or sell,” “cause to be rented or sold for profit,” or “used to promote the sale of any product”). Thus, recordings for personal use are not encompassed within the definition of the crime. However, and perhaps in an excess of caution, a separate section expressly provides that the article does not apply to “any person who transfers such sounds or images for personal use, and without profit for such transfer.”<sup>403</sup> Additionally, in the case *People v. Boriello*,<sup>404</sup> the court noted that “the Legislature when it enacted crimes regarding unauthorized recording prohibited only

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**§ 275.40 Failure to disclose the origin of a recording in the first degree**

A person is guilty of failure to disclose the origin of a recording in the first degree when such person commits the crime of failure to disclose the origin of a recording in the second degree as defined in section 275.35 of this article and commission of that crime involves at least one thousand unauthorized sound recordings or at least one hundred unauthorized audiovisual recordings.

Failure to disclose the origin of a recording in the first degree is a class E felony.

<sup>402</sup> See *People v. Winley*, 432 N.Y.S.2d 429, 432 (Sup. Ct. N.Y. County 1980).

<sup>403</sup> N.Y. PENAL LAW § 275.45.

<sup>404</sup> 587 N.Y.S.2d 518, 522 (Sup. Ct. Kings County 1992).

commercial settings not private use.”

Because nearly every provision of Article 275 requires an intent to sell, rent, or transport for private or commercial financial gain, this could be construed as excluding nonprofit use of such recordings, although the law make no express mention of an exemption for nonprofit institutions. It is not clear whether the legislature intended to exempt nonprofit institutions making nonprivate uses, and there is little relevant case law applying this provision to the above scenario. Section 275.45(1)(b) exempts nonprofit personal use; while it appears that a for-profit personal use would trigger the statute, it is not equally clear whether a nonprofit, nonprivate use would do the same. There are no explicit exceptions under the statute for cultural or educational institutions.

The term “commercial” is subject to a multitude of interpretations; unfortunately, the legislative history of § 275.00 offers little direction in that regard. It may very well be that an institution may receive commercial advantage through a number of ways—publicity, sales, name recognition—even though its ultimate goal is not monetary profit. It is also possible that not paying for a license for use of copyrighted material could be construed as commercial advantage since the institution is better off than if it had paid for the material: “The crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.”<sup>405</sup>

The line between commercial and nonprofit is indistinct. It also appears to be a distinction that many legislatures have not thoroughly explained and with which a number of courts have struggled. However, the following language from the Supreme Court’s decision in *Murdock v. Pennsylvania*<sup>406</sup> provides an interesting analysis of the issue. This First Amendment case concerned a city ordinance requiring a license for persons canvassing or soliciting for commercial purposes. There the court found:

The mere fact that the religious literature is “sold” by itinerant preachers rather than “donated” does not transform evangelism into a commercial enterprise. If it did, then the passing of the collection plate in church would make the church service a commercial project. The constitutional rights of those spreading their religious beliefs through the spoken and printed word are not to be gauged by standards governing retailers or wholesalers of books. ... It is plain that a religious organization needs funds to remain a going concern. But an itinerant evangelist however misguided or intolerant he may be, does not become a mere book agent by selling the Bible or religious tracts to help defray his expenses or to sustain him.

<sup>405</sup> *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 562 (1985) (citing *Roy Export Co. Establishment v. Columbia Broad. Sys., Inc.*, 503 F. Supp. 1137, 1144 (S.D.N.Y. 1980)); 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.05[A] [1], at 13-71, n. 25.3 (2005).

<sup>406</sup> 319 U.S. 105, 111 (1943).

While the facts of this case may not fit neatly into the purview of copyright, the above language is not without relevant application. Furthermore, the case was favorably cited in a 1994 copyright case from the 9th Circuit in a discussion of the meaning of “commercial advantage” under a California antipiracy law.<sup>407</sup> In that case, the court held that a prerequisite of “commercial advantage” appeared to be designed “to except not only free distribution of anonymous materials, but sale under certain conditions, as when one urging a point of view sells the record or tape to cover its cost.” By analogy this concept could conceivably be extended to copies of sound recordings by nonprofit institutions such as museums, archives, and libraries.

### 3. Civil Statutes

New York has a civil rights statute that protects the right to privacy/publicity. This law is discussed below in Section 5 (Right of Publicity).

### 4. Nonstatutory Causes of Action

#### *a. Naxos and New York Common Law Copyright*

The New York State Court of Appeals recently affirmed the existence of common law sound recording protection in *Capitol Records, Inc. v. Naxos of America, Inc.*<sup>408</sup> This case deals with the question of whether New York state common law extends to sound recordings whose protection has already expired in their country of origin. In 1999, Naxos began selling restorations of original recordings that were made in England in the 1930s. Capitol Records, which claimed that it owned exclusive rights to the original shellac recordings through its corporate affiliates, also sold restorations of such recordings and brought suit alleging a violation of New York common law copyright. The district court granted Naxos's motion for summary judgment as to copyright claim, and Capitol appealed. The case then moved to the Second Circuit, which certified the question for the New York State Court of Appeals.

The appeals court noted that because the original recordings were fixed prior to February 15, 1972, it was entirely up to New York to determine the scope of its common law copyright with respect to pre-1972 recordings. Further, the court held that the expiration of the term of a copyright in the country of origin did not terminate a common law copyright in New York because pre-1972 recordings did not fall within the ambit of any international treaty or agreement recognizing the “rule of the shorter term.”<sup>409</sup> Instead, the court held that

<sup>407</sup> See *Anderson v. Nidorf*, 26 F.3d 100,104 (9th Cir. 1994).

<sup>408</sup> 830 N.E.2d 250 (N.Y. 2005).

<sup>409</sup> See *id.* at 265 (explaining that the rule of the shorter term provides that the term of copyright in the nation where the work is first published should be applied by other nations who would otherwise grant a longer term of protection). The court discussed this rule in the context of the Berne Convention, the Universal Copyright Convention, and the Uruguay Rounds Agreements Act. *Id.*

New York common law applied unabridged, except to the extent that it was pre-empted by federal law with regard to protecting post-1972 sound recordings, and common law protection could only extend until 2067.

While the Court of Appeals was not entirely exact as to the scope and elements of common law copyright protection, it did specify the following: (1) to enforce a claim for New York common law copyright infringement a plaintiff need not show any elements of bad faith or fraudulent or deceptive intent; (2) causes of action for common law copyright infringement and unfair competition are not synonymous under New York law; and (3) the size of the market and popularity of a product are facts that are pertinent only to an unfair competition cause of action, and as such have no bearing on a state copyright infringement claim. Ultimately, in finding for Capitol, the court noted that it expressed no opinion as to whether remastering of a performance recorded on an obsolete medium, such as shellac, constituted a “new product,” but nonetheless found that such efforts infringed state copyright protection to the extent that it used “original elements of the protected performances.”

Given the relative novelty of the *Naxos* verdict, there has not been much “formal” commentary on the result of the case, but where there has been, most commenters predict harmful effects to the market for and distribution of early twentieth century sound recordings.<sup>410</sup> However, it is important to note that the New York Supreme Court recently indicated that common law copyright in the state is subject to the fair use defense.<sup>411</sup>

### 1. The *Naxos* Court’s Three Certified Questions

1) *The state may provide common law copyright protection to sound recordings not covered by federal law regardless of whether the work has fallen in to the public domain in its country of origin if the act of infringement occurred in the state of New York.*

It appears that it was the sale and distribution of the remastered recordings, not the remastering and reproduction itself, that constituted the act of infringement in *Naxos*. The original recordings were produced in the United Kingdom. The actual reproduction and remastering by *Naxos* took place in the United Kingdom, where the recording copyrights had already expired and where New York would not have had jurisdiction over the “infringement” taking place. Regardless of where the recordings were made, the distribution of the recordings brings the offense under the jurisdiction of New York common law. If *Naxos* had refrained from selling its remastered recordings in New York State, Capitol would not have had a cause of action against it.

<sup>410</sup> See, e.g., Henry Lee Mann, *As Our Heritage Crumbles Into Dust: The Threat of State Law Protection for Pre-1972 Sound Recordings*, 6 WAKE FOREST INTELL. PROP. L.J. 45 (2006); Mark Wendell DeLaquil, *Symposium: “Outsourcing Authority?” Citation to Foreign Court Precedent in Domestic Jurisprudence: Foreign Law and Opinion in State Courts*, 69 ALB. L. REV. 697, 699 & n.10 (calling the *Naxos* decision “disastrous”).

<sup>411</sup> *EMI Records v. Premise Media Corp.*, available at <http://cyberlaw.stanford.edu/system/files/EMI+v.+Premise+PI+Order.pdf>.

This implicates an ever-widening net of state copyright protection. Conceivably, a party could legally copy recordings with expired copyrights and distribute them in some jurisdictions, but not in others. Since a number of U.K. recordings are reaching their 50-year expiration, this ruling will allow their owners to continue to reap royalties, at least in New York, until 2067. Maxim H. Waldbaum, counsel for Naxos, said the Court of Appeals has gone beyond any other court in protecting common law copyright:

This is the first time a common law copyright has been set forth as a right without any wrong on behalf of the defendant. ... Here, you have a clear opinion from the Court of Appeals where they say there will be common law copyright infringement even if it is innocent. The ramifications are that anybody who ever did a musical piece from the time of Thomas Edison has common law rights and can come forward and sue anyone who uses their music, whether it is lost in time or not.<sup>412</sup>

The *Naxos* opinion also does not discuss nonprofit cultural or educational exceptions to common law copyright protection. Conceivably, Naxos' remastering of the classical recordings could be considered to be a cultural contribution (albeit a for-profit one), but the court did not seem to consider whether any exception might apply. Since pre-1972 recordings are not covered by the nonprofit and library exemptions of the Federal Copyright Law,<sup>413</sup> it would be interesting to see how a New York court would treat not-for-profit copying of pre-1972 recordings by a library, archives, or museum. Unfortunately, there is no helpful precedent indicating whether such organizations are exempted under New York common law.

Nor is there any indication in the *Naxos* decision that the courts of New York would recognize a federal-style "fair use" exemption to common law copyright. However, such a future legal development cannot be ruled out. In this connection, it is important to recollect that in the federal copyright system, fair use originated as judge-made law and was codified only in the Copyright Act of 1976.

This apparent lack of a nonprofit exemption, as well as the expansive reach of the *Naxos* opinion, could be seen as significantly draining the resources of the public domain and defeating the purpose of Article 1 of the Constitution by granting temporally extended common law rights to pre-1972 recordings. However, that argument was rejected in *Goldstein v. California*:<sup>414</sup>

Petitioners base an additional argument on the language of the Constitution. The California statute forbids individuals to appropriate recordings at any time after release. From this, petitioners argue that the State has created a copyright of unlimited duration, in violation of that portion of Art. I, 8, cl.

<sup>412</sup> John Caher, *N.Y. High Court Expands Copyright Protection for Recordings*, N.Y.L.J. Apr. 6, 2005, available at <http://www.law.com/jsp/article.jsp?id=1112691912040> (last visited Aug. 10, 2009).

<sup>413</sup> 17 U.S.C. § 108, 110.

<sup>414</sup> 412 U.S. 546 (1973).

8, which provides that copyrights may only be granted "for limited Times." Read literally, the text of Art. 1 does not support petitioners' position. Section 8 enumerates those powers which have been granted to Congress; whatever limitations have been appended to such powers can only be understood as a limit on congressional, and not state, action. Moreover, it is not clear that the dangers to which this limitation was addressed apply with equal force to both the Federal Government and the States. When Congress grants an exclusive right or monopoly, its effects are pervasive; no citizen or State may escape its reach. As we have noted, however, the exclusive right granted by a State is confined to its borders. Consequently, even when the right is unlimited in duration, any tendency to inhibit further progress in science or the arts is narrowly circumscribed. The challenged statute cannot be voided for lack of a durational limitation.<sup>415</sup>

2) *A cause of action for unfair competition and copyright infringement are not one and the same under New York law and may consist of different elements.*

Under New York law, a copyright infringement claim comprises two elements: (1) the existence of a valid copyright; and (2) unauthorized reproduction of the work protected by the copyright.<sup>416</sup> Conversely, in a common law unfair competition claim under New York law, a plaintiff must demonstrate that a defendant's acts could inflict commercial injury in the form of a diversion of sales, damage to goodwill, or loss of control over reputation. Additionally, there must be some showing of bad faith.<sup>417</sup> New York common law unfair competition claims are generally asserted in trademark infringement cases. It is conceivable that unfair competition could be asserted in a copyright case; however, the lower court in *Naxos* indicated that unauthorized copying without a copyright or legal recognition of some kind is not actionable.<sup>418</sup> Instead, unfair competition is premised on the idea that the copy placed on the market takes advantage of the commercial value and reputation of the original.<sup>419</sup> In *Naxos*, the defendant never falsely advertised the restored product as a duplicate of the original.<sup>420</sup> Therefore, in order for an unfair competition claim to succeed with regard to copies of phonorecords, the success of the copy would need to trade on the reputation and salable qualities of the original and would need a bad faith intent to do so. According to the *Naxos* court, because common law copyright infringement does not require any elements of fraud or bad faith, common law

<sup>415</sup> *Id.*

<sup>416</sup> *Capitol Records, Inc. v. Naxos of Am., Inc.*, 830 N.E.2d 250 (N.Y. 2005).

<sup>417</sup> *U-Neek, Inc. v. Wal-Mart Stores, Inc.*, 147 F. Supp. 2d 158 (S.D.N.Y. 2001).

<sup>418</sup> See *Capitol Records v. Naxos*, 262 F. Supp. 2d 204, 213 (S.D.N.Y. 2003) (citing *Leonard Storch Enterprises Inc., v. Morganthaler*, 1980 WL 1175, at \*30 (E.D.N.Y. 1980) for the proposition that "[N]o New York case has ever recognized a right of unfair competition based solely on the copying ... of a tangible product.").

<sup>419</sup> *Morganthaler*, 1980 WL 1175, at \*30.

<sup>420</sup> *Naxos*, 262 F. Supp. 2d at 214.

copyright and unfair competition are distinct causes of action in New York.<sup>421</sup>

3) *A common law infringement claim is not defeated simply because the defendant claims to have created a new product, but rather the infringement occurs to the extent that the product utilizes the original elements of the protected work.*

What are the “original elements of the protected work?” The court neither defines exactly what the “original elements” are nor specifies whether all, most, or some of the original elements must be used in order to infringe a common law copyright. In *Naxos*, the use at issue involved the copying of recordings that were unchanged and in their entirety. As such, the application of the “original elements” language did not pose too much difficulty. In fact, the *Naxos* court commented that “it is a general rule that the reproduction of an entire copyrighted work constitutes infringement.”<sup>422</sup> Yet the court provides little guidance as to what constitutes infringement in cases where only portions of the work are used.

4) *Additional Issue: Published/Unpublished Dichotomy*

The *Naxos* court noted that the “evolution of copyright reveals that the term ‘publication’ is a term of art that has distinct meanings in different contexts” and that publication of a writing ends its common law protection by subjecting it to federal protection.<sup>423</sup> Because pre-1972 sound recordings are not eligible for federal protection until 2067, the court found that public sale of a sound recording “was not sufficient to divest the owner of common law copyright protection.”<sup>424</sup>

*Naxos* may have extended the scope of common law copyright protection by concluding that the recordings at issue were unpublished, even though the recordings had been commercially available for sale since the 1930s. One attorney noted that, in finding the performances to be unpublished, the court appeared to be confusing “the distinction between publication of an underlying work [i.e., the musical composition] and the publication of a musical performance.”<sup>425</sup> Because common law copyright has traditionally protected only unpublished works, publication of a work causes it to lose its protection under common law.<sup>426</sup> A composition is not deemed to be published simply because a recording of the composition has been made available commercially. Here the court’s decision may have confused the meaning of § 303(b) of the Copyright Act (which deals with whether the distribution of sound recordings constitutes

<sup>421</sup> *Capitol Records*, 830 N.E.2d at 266.

<sup>422</sup> *See id.* at 564 (quoting 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT §13.05[A][3] at 13-181).

<sup>423</sup> *Id.*

<sup>424</sup> *Id.* at 267.

<sup>425</sup> *See* Steve Seidenberg, *Ruling is Music to Industry Ears*, FREE PRESS, Apr. 17, 2005, <http://www.freepress.net/news/7771> (last visited Aug. 10, 2009) (quoting Columbia University Law Professor June Besek).

<sup>426</sup> *See Capitol Records*, 830 N.E.2d at 264-65.

publication of the underlying musical work<sup>427</sup>) by assuming that the “musical work” embodied in a sound recording referred to the audio components of the recording rather than to the underlying composition.

## 5. Right of Publicity

### *a. New York Civil Rights Law §§ 50 and 51*

Commercial misappropriation of the rights of publicity and privacy is recognized under the New York Civil Rights Law. The only judicially recognized relief for invasion of privacy and publicity in New York is the protection afforded against commercial misappropriation of a person’s name or picture, as set forth in §§ 50 and 51 of the Civil Rights Law.<sup>428</sup> Section 50 provides a penal sanction for the use of a person’s name, portrait, or picture for “advertising purposes” or “purposes of trade” without having first obtained the written consent from such person. Section 51 provides a related civil cause of action for injunctive relief and compensatory and exemplary damages.

Section 51 of the New York Civil Rights Law provides in relevant part:

Any person whose name, portrait, picture or voice is used within this state for advertising purposes or for the purposes of trade without the written consent first obtained as above provided may maintain an equitable action in the supreme court of this state against the person, firm or corporation so using his name, portrait, picture or voice, to prevent and restrain the use thereof; and may also sue and recover damages for any injuries sustained by reason of such use and if the defendant shall have knowingly used such person's name, portrait, picture or voice in such manner as is forbidden or declared to be unlawful by § 50 (definitions section) of this article, the jury, in its discretion, may award exemplary damages ... *Nothing contained in this section shall be construed to prohibit the copyright owner of a sound recording from disposing of, dealing in, licensing or selling that sound recording to any party, if the right to dispose of, deal in, license or sell such sound recording has been conferred by contract or other written document by such living person or the holder of such right.*

Although this section was designed to protect individual privacy and publicity, as opposed to copyrights, there are at least two cases where this section could have been used as an attempt to thwart unauthorized use of pre-1972 sound recordings (though that may not have been the plaintiff’s objective). In *Big Seven Music Corp. v. Lennon, et al.*<sup>429</sup> John Lennon filed a counter-suit to recover damages

<sup>427</sup> 17 U.S.C. § 303(b) (“The distribution before January 1, 1978, of a phonorecord shall not for any purpose constitute a publication of the musical work embodied therein.”).

<sup>428</sup> See *Stephano v. News Group Publ’ns, Inc.*, 474 N.E.2d 580, 584 (1984) (holding that any common law right to publicity and privacy is subsumed by Section 50 & 51 of the Civil Rights Law; therefore no independent common law right of publicity exists in New York).

<sup>429</sup> 554 F.2d 504 (U.S. App. Ct. 1977).

and royalty compensation when he claimed that the quality of the sound in an unauthorized release of an album of songs performed by him was allegedly “shoddy” and “fuzzy.” The plaintiff, Big Seven, claimed Lennon had orally agreed to release an album containing a number of songs he had recorded. When Lennon pulled out of the project, Big Seven sued for breach of contract and nonetheless released the album. Lennon counter-sued under § 51 of the New York Civil Rights Law for use of his image without express consent. The case was resolved to the tune of an award of \$35,000 in damages to Lennon under § 51. The appellants had attacked the award on the basis that Lennon’s reputation was “virtually impervious” and that the release of the album could not have damaged his right of publicity. However, the appellate court affirmed the district court’s award of damages on the basis that the cheap-looking and ugly album cover, in conjunction with the poor recording quality, was found to injure Lennon’s public reputation. Though the court noted that the poor quality of the recordings was a factor in assessing the injury to Lennon’s reputation, the picture of Lennon on the album’s cover was integral to the court’s finding of a § 51 violation.<sup>430</sup>

Another attempt to use § 51 to prevent use of sound recordings was less successful, where, unlike the *Lennon* case, the plaintiff’s image or portrait was not used in conjunction with the voice recording. In *Oliveira v. Frito-Lay, Inc.*,<sup>431</sup> the singer of the song “The Girl from Ipanema” sued the makers of potato chips under § 51 of the New York Civil Rights Law for the use of the recording in a commercial where the Muppet character “Miss Piggy” lip-synched to a recording of the plaintiff singing the song. A New York district court found against the plaintiff, holding, “to the extent that the commercial may evoke an association with Gilberto or the style of Gilberto through the use of the recording of her voice, such association or evocation is not actionable under the Civil Rights Law.”<sup>432</sup> The court noted that case law pertaining to the unauthorized use of sound recordings indicates that the mere use of a recording of one’s voice is not sufficient to be actionable under § 50 and 51 because of the “the long-standing requirement under § 51 that the commercial use complained of amount to a ‘portrait or picture’ of an individual, not merely the suggestion of some aspect of a person’s public persona.”<sup>433</sup> It should be noted that § 51 expressly provides that “[n]othing contained in this section shall be construed to prohibit the copyright owner of a sound recording from disposing of, dealing in, licensing or selling that sound recording to any party. . . .” However, because in the *Oliveira* case the plaintiff had no copyright to the recordings in question, she was not able to assert any common law copyright claims, and the question of copyright never arose.

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<sup>430</sup> *Id.* at 512.

<sup>431</sup> 1997 WL 324042 (S.D.N.Y. 1997) (not reported in F. Supp.).

<sup>432</sup> *Id.* at \*8.

<sup>433</sup> *Allen v. Nat’l Video, Inc.*, 610 F. Supp. 612, 623 (S.D.N.Y. 1985).

## 6. Potential Defenses for Nonprofit Institutions

Under New York statutory law, nonprofit institutions seem to have a number of potential defenses for their use of pre-1972 sound recordings. Though a use by nonprofit institutions would not be likely to fall within the personal-use exemption created in the criminal code, such organizations may be able to avoid criminal liability by claiming their use to be noncommercial. Because Article 275 of the New York Penal Code contains requirements of commercial intent in the statutory language (i.e., “intent to sell,” “for commercial advantage or private financial gain”), noncommercial uses may well be allowed. However, this would depend on the definition of commercial use. If a court found that the institution profited because it did not have to pay the standard fee for the recording, or that it profited by advertising the institution, then the noncommercial argument would perhaps fail. California case law (as discussed previously) seems to suggest, however, that use by an educational organization may be noncommercial and thus allowed. It is unclear how New York would decide the matter. Of course, consent would also be a valid defense.

Regarding common law theories, institutions face more difficulties. A nonprofit institution could likely avoid liability under the doctrine of unfair competition by demonstrating that its use does not inflict commercial injury and that it is not engaging in a bad faith use of the sound recording. However, nonprofit institutions may not be able to withstand liability under New York’s common law copyright doctrine, given its recent elucidation in the *Naxos* case. Generally, common law copyright protection extinguishes upon publication. Nonetheless, the states define publication differently: some find that commercial distribution of a work constitutes publication while others do not. In terms of how New York defines publication, *Naxos* held that the owner retained common law copyright protections despite the widespread commercial distribution of the sound recording for more than 70 years. If sound recording owners can maintain their common law copyright protections despite commercial distribution, then it seems they can hold such protections until Congress pre-empts state law protections in 2067. It remains unclear whether New York would carve out any exceptions for nonprofit use of works that have been widely disseminated.

In terms of New York’s Civil Rights Statute that protects the right to publicity, the *Oliveira* and *Allen v. National Video* cases suggest that the use of a voice alone would not incur liability under the statute. However, the nonprofit institution should try to avoid using names or pictures and portraits of individuals in advertising.

## North Carolina

### 1. History

We have been unable to ascertain the legislative history behind the statutes in North Carolina.

### 2. Criminal Statutes

#### *a. Sound Recording Antipiracy Statute*

North Carolina has a state statute explicitly addressing sound recordings.<sup>434</sup> North Carolina General Statute Annotated § 14-433 makes it unlawful for a person to:

1. Knowingly transfer or cause to be transferred, directly or indirectly by any means, any sounds recorded on a phonograph record, disc, wire, tape, film or other article on which sounds are recorded, with the intent to sell or cause to be sold, or to use or cause to be used for profit through public performance, such article on which sounds are so transferred, without consent of the owner.
2. Manufacture, distribute, wholesale or transport any article for profit, or possess for these purposes with the knowledge that the sounds recorded on the article were transferred in violation of (1) above.
3. Knowingly transfer or cause to be transferred, directly or indirectly by any means, any sounds at a live performance, with the intent to sell or cause to be sold, or to use or cause to be used for profit through public performance, the article on which sounds are so transferred, without consent of the owner.
4. Manufacture, distribute, transport or wholesale any article for profit, or possess for those purposes with the knowledge that the sounds recorded on the article were transferred in violation of above (3).

Provisions (1) and (2) apply only to pre-1972 sound recordings. Also, the statute does not apply to:

Any person engaged in webcasting or radio or television broadcasting who transfers, or causes to be transferred, any such sounds other than from the sound track of a motion picture intended for, or in connection with webcast, broadcast or telecast transmission or related uses, or for archival purposes. An Internet service provider who is solely providing a conduit for access to the Internet shall not be deemed to be using, or causing to be used, recordings that may be transferred over the Internet by third parties in violation of this Article.<sup>435</sup>

<sup>434</sup> N.C. GEN. STAT. ANN. § 14-433 (West 2005).

<sup>435</sup> *Id.* North Carolina seems to be the only state to have expressly extended its broadcasting exemption to Webcasters.

### ***b. Possible Defenses to Antipiracy Statute***

Although there is no state law interpreting the statute, the text of the statute suggests some possible defenses. The explicit language of the statute suggests that that neither consensual uses nor noncommercial uses of sound recordings would be unlawful.

### ***c. Labeling Laws***

North Carolina has a labeling statute.<sup>436</sup> North Carolina General Statute Annotated provides:

(a) A person is guilty of failure to disclose the origin of an article when, for commercial advantage or private financial gain, the person knowingly advertises or offers for sale or resale, or sells or resells, or causes the rental, sale, or resale, or rents, or manufactures, or possesses for these purposes, any article, the packaging, cover, box, jacket, or label of which does not clearly and conspicuously disclose the actual true name and address of the manufacturer of the article and the name of the actual author, artist, performer, producer, programmer, or group.

(b) This section does not require the original manufacturer or authorized licensees of software producers to disclose the contributing authors or programmers. As used in this section, the term "manufacturer" shall not include the manufacturer of the article's packaging, cover, box, jacket, or label itself.<sup>437</sup>

There is little case law interpreting this provision.

## **3. Civil Statutes**

### ***a. Civil Action for Damages for Piracy***

North Carolina General Statute Annotated § 14-436 provides for a private right of action for any owner whose work is allegedly the subject of a violation of the antipiracy statute § 14-433. In the civil action, the owner may be entitled to damages that could include actual, compensatory, and incidental damages.<sup>438</sup>

There is no legislative history or state decisional elaborating on the meaning of this statute.

### ***b. Other Statutes***

#### **i. N.C. Gen. Stat. Ann. § 66-28. Prohibition of rights to further restrict or to collect royalties on commercial use**

Section 66 abolishes "any common-law rights attaching to phonograph records and electrical transcriptions, whose sole value is in their use, and to forbid further restrictions of the collection of subsequent fees and royalties on phonograph records and electrical transcriptions by performers who were paid for the initial performance at the recording thereof." Therefore, no person may further restrict or collect royalties when a musical performance is sold in commerce.

<sup>436</sup> See *Arista Records v. Tysinger*, 867 F. Supp. 345, (1994).

<sup>437</sup> N.C. GEN. STAT. ANN. § 14-435.

<sup>438</sup> § 14-436.

This, however, does not take away rights given by U.S. copyright laws.<sup>439</sup> North Carolina passed this statute in response to *Waring v. WDS Broadcasting Station*,<sup>440</sup> where the court had recognized a continuing interest in common law copyright in sound recordings.<sup>441</sup> North Carolina acted to abolish “any common law rights in recorded performances that might otherwise have survived the sale of the phonograph record.”<sup>442</sup> Defenses to these common law statutes include a claim that the work has been published. In North Carolina, a defendant would merely have to show that the work had been commercially sold in the state.

There is some case law interpreting § 66-28. In *Liberty/UA, Inc. v. Eastern Tape Corp.*,<sup>443</sup> the plaintiff, a manufacturer of sound recordings, claimed that the defendants engaged in unfair competition when they pirated performances originally recorded by the plaintiff. The plaintiff did not assert any claims of statutory or common law copyright, but asserted a claim of unfair competition. The court held that the defendant’s conduct of appropriating the plaintiff’s sound recordings and selling them in competition with the plaintiff amounted to unfair competition. The court went on to interpret § 66-28, finding that “use” within the statute meant that a record sold in commerce could be “played privately, publicly, and commercially without restriction.” The court noted that when the statute was enacted in 1939, record piracy was not a problem, and that to construe the statute to make the re-recording of sound recordings onto another record and selling in competition with the original producer a legitimate activity would be to give the statute a construction never intended.<sup>444</sup>

Here is an excerpt from the case:

The above statute was enacted in 1939. Apparently record piracy did not become a problem until sometime later. In an article on the subject published in the Stanford Law Review in 1953 it is stated: “Pirating,” in this instance, describes the practice of re-recording a phonograph record manufactured by another company and then selling the duplicates. Record piracy mushroomed in the last five years from relative obscurity to a point where two dozen labels were being sold in various parts of the country. A few “pirates” circulated catalogs of their booty.

<sup>439</sup> See *Liberty/UA, Inc. v. E. Tape Corp.*, 180 S.E.2d 414 (N.C. Ct. App. 1971) (holding that the statute could not be constructed as making pirating legitimate).

<sup>440</sup> 194 A. 631 (Pa. 1937); *Waring v. Dunlea*, 26 F. Supp. 338 (E.D.N.C. 1939).

<sup>441</sup> See Sidney A. Diamond, *Copyright Problems of the Phonograph Record Industry*, 15 VAND. L. REV. 419, 431 (1962).

<sup>442</sup> See *id.* (noting that South Carolina and Florida passed similar statutes). It should be noted, however, that *Waring* dealt with broadcast performance, so some questions may remain about its affect on unauthorized reproduction.

<sup>443</sup> *Liberty/UA, Inc.*, 180 S.E. 2d at 415-18).

<sup>444</sup> *Id.* at 418; see also *UA v. E. Tape Corp.*, 198 S.E.2d 452 (N.C. Ct. App. 1973) (rejecting defendant’s affirmative defenses that N.C. Gen Stat Ann § 66-28 abrogated common law copyright and that the musical performances were in the public domain). The court also noted that the United States Supreme Court approved state regulation of pre-1972 sound recordings. *Id.*

Some labels received a national distribution and were handled in the most legitimate stores. Occasionally, “dubs” were even used in local juke boxes. It is unlikely that in 1939 the legislature had heard of this type of conduct, and we cannot conceive that one of its purposes in enacting [§ 66-28] was to make legitimate such unfair competitive practice. [§ 66-28] was enacted shortly after the Federal District Court for the Eastern District of North Carolina held that Fred Waring had a common law property right in his orchestra’s recordings and could prevent defendant from playing the recordings over a radio station without his permission. The effect of [§ 66-28] was to overrule the *Waring* decision by eliminating any common law right to restrict the use of a recording sold for use in this State. However, we interpret “use,” as employed in the statute, to mean the use for which a recording is intended; i.e., the playing of the recording. Thus, under the statute, any record sold in commerce for use in this State may be played privately, publicly, and commercially without restriction. It does not follow, however, that the performance contained on the record can be re-recorded onto another record and the re-recording sold in competition with the original producer. To so hold would, in our opinion, give a construction to the statute that was never intended.<sup>445</sup>

**ii. N.C. Gen Stat Ann. § 75-1.1 Methods of competition, acts and practices regulated; legislative policy**

Section (a) creates a cause of action for unfair competition by stating “unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are declared unlawful.” In § (b) it defines “commerce” as including “all business activities, however denominated, but does not include professional services rendered by a member of a learned profession.”

It also creates an exemption for acts done by publishers, owners, agents, or employees of a newspaper, periodical, or radio or television station when there is not direct financial interest.<sup>446</sup> However, based on the case law, it appears unlikely that a library would categorically fall under either of these exemptions. Additionally, the burden of proving the exemption is on the party claiming the exemption.

*Shafman v. Donald Larson, Inc.*<sup>447</sup> clarified that once a jury finds a defendant’s actions to be unfair or deceptive, “at that point, the burden shifts to the defendant to prove that he is exempt from the

<sup>445</sup> *Liberty/UA, Inc.*, 180 S.E. 2d at 418 (citations omitted).

<sup>446</sup> See N.C. Gen. Stat. Ann. § 75-1.1(c) (West 2005) (“Nothing in this section shall apply to acts done by the publisher, owner, agent, or employee of a newspaper, periodical or radio or television station, or other advertising medium in the publication or dissemination of an advertisement, when the owner, agent or employee did not have knowledge of the false, misleading or deceptive character of the advertisement and when the newspaper, periodical or radio or television station, or other advertising medium did not have a direct financial interest in the sale or distribution of the advertised product or service.”).

<sup>447</sup> *Shafman v. Donald Larson, Inc.*, 2004 N.C. App. LEXIS 2238 (N.C. App. 2004).

provisions of N.C.G.S. § 75-1.1. For example, a defendant may prove that his acts were not “in or affecting commerce” or that he fell within the statute’s express exemptions contained in N.C. GEN. STAT. ANN. § 75-1.1 (b) & (c). However, the case did not elaborate on the meaning of § 75-1.1(c).

Meanwhile, in *Stolfo v. Kernodle*, the court noted, “The only two statutory exceptions to the application of G.S. § 75-1.1 are for (1) members of learned professions providing professional services, and (2) third-party providers of advertising who have no knowledge of the falsity of an advertisement and no financial interest in the product advertised. N.C. GEN. STAT. ANN. § 75-1.1 (b)-(c) (1994).”<sup>448</sup>

It is unlikely that nonprofit institutions seeking to use pre-1972 sound recordings would encounter problems with this statute as long as they can demonstrate a lack of commercial competition.

#### 4. Nonstatutory Causes of Action

##### **a. Common Law Copyright**

Although § 66-28 expressly abolishes any common law copyright, *Liberty/UA* suggests that there may be a small window of protection for subject matter that is not protectable under federal copyright laws. However, the plaintiff in *Liberty/UA* did not assert any common law copyright claims, so it is unclear if the protection would exist on those grounds since the sound recordings were protected by unfair competition.

##### **b. Unfair Competition**

In *Dealers Supply Co. Inc. v. Cheil Industries*, the court held that in order to state a claim for unfair and deceptive trade practices under North Carolina law, a plaintiff must show (1) that the defendant committed an unfair or deceptive act or practice, or an unfair method of competition; (2) in or affecting commerce; (3) which proximately caused actual injury to plaintiff.<sup>449</sup> However, this cause of action appears unlikely to apply in situations regarding the use by a nonprofit of a pre-1972 sound recording unless a plaintiff could show that the institution’s use affects commerce in some fashion that harms the plaintiff.

##### **c. Misappropriation**

State law suggests that North Carolina recognizes a common law misappropriation action. In *Combined Insurance Co. of America v. Consolidate Insurance Co.*, the plaintiff filed suit seeking an injunction for appropriation of trade secrets.<sup>450</sup> The plaintiff had developed a special business system and considered it to be confidential information and a trade secret. The defendant sought out employees of the plaintiff to develop its own sales plan. Later, it was found that 73 percent

<sup>448</sup> *Stolfo v. Kernodle*, 455 S.E.2d 869 (1995).

<sup>449</sup> *Dealers Supply Co., Inc. v. Cheil Indus., Inc.*, 348 F. Supp. 2d 579 (M.D.N.C. 2004).

<sup>450</sup> 499 F. Supp 484 (E.D.N.C. 1980).

of insurance policies that the defendant sold were former policyholders of the plaintiffs. The court found that the plaintiff made a prima facie showing that the defendant misappropriated information from the plaintiff. Again, this doctrine seems to have been applied primarily to misappropriation of trade secrets; it is unlikely, although not impossible, that its reach would be extended to sound recordings.

## **5. Right of Publicity**

### ***a. Right of Publicity Statute***

There is no statutory right of publicity statute in North Carolina.

### ***b. Common Law Right of Publicity***

There does not appear to be any case law establishing a common law right to publicity in North Carolina.

## **6. Potential Defenses for Nonprofit Institutions**

Under North Carolina law (both statutory and common law), nonprofit institutions seem to have a number of potential defenses regarding their use of pre-1972 sound recordings. First, although North Carolina's criminal statute does not contain any statutory exemption for nonprofit institutions expressly, it appears to be one of the only states to have specifically exempted Webcasters from the scope of the law. Thus, if a nonprofit institution Webcasts material including pre-1972 sound recordings, it may be able to invoke the exemption. Next, statutory language in all of the provisions of § 14-433 (i.e., "intent to sell," "commercial advantage") suggests that commercial use is a requirement for finding a criminal violation. Therefore, nonprofit institutions may escape liability by demonstrating a noncommercial intent to their use of the sound recordings. Consent remains a valid defense as well. Further, because the civil remedy under § 14-436 is predicated upon a finding of a violation of § 14-433, a nonprofit institution that avoids criminal liability will not be held civilly liable.

Regarding the statutory protection of unfair competition, a nonprofit institution may again avoid liability by claiming that the use is noncommercial and that the use in no way deceives the public. In terms of the common law variant of unfair competition, the nonprofit institution will want to demonstrate that it does not compete with the original owner, that its use is not unfair, and that there is no harm to the owner. Similarly, to avoid liability under the misappropriation doctrine, the organization should again claim noncommercial use and that it has not capitalized off of the appropriation of the owner's product. Finally, common law copyright should not be a problem for nonprofit institutions as long as the original owner commercially distributed the work in some way.

## Ohio

### 1. History

We have been unable to locate legislative history for Ohio's statute.

### 2. Criminal Statutes

#### *a. Sound Recording Antipiracy Statute*<sup>451</sup>

Ohio's Revised Code has a section on record piracy. Like many other state statutes, Ohio's statute seems to require commercial intent before the transcribing of a sound recording will be found unlawful.

The statute expressly makes it unlawful for a person to:

- (A)(1) Transcribe, without the consent of the owner, any sounds recorded on a phonograph record, disc, wire, tape, film, or other article on which sounds are recorded, with intent to sell or use for profit through public performance any product derived from the transcription. Each transcription of sound in violation of division (A)(1) of this section is a separate offense.
- (2) Advertise, offer for sale, or sell, any product knowing it to have been produced in violation of division (A)(1) of this section.

Additionally, the statute creates express exemptions.<sup>452</sup> The prohibitions do not apply to:

- (1) Transcription by a radio or television broadcaster of any sounds in connection with a radio, television, or cable broadcast transmission, or for archival purposes;
- (2) Any person who transcribes sounds for personal use.<sup>453</sup>

#### *b. Possible Defenses to Antipiracy Statute*

Although there is little decisional law interpreting the statute and there do not appear to be any specific cases citing it, the text of the statute suggests some defenses. The language suggests that consensual use, as well as noncommercial use, would serve as defenses in addition to the expressed exemptions. The meaning of the language on archival use is uncertain—especially with respect to the issue of whether this exception is subsidiary to that for broadcasting or independent of it.

#### *c. Labeling Laws*

Ohio Rev. Code § 1333.52 provides:

- (B) No person shall purposely manufacture, sell, or distribute for profit any phonograph record, tape, or album of phonograph records or tapes unless the record and the outside cover, box, or jacket of the record, tape, or album clearly and conspicuously

<sup>451</sup> OHIO REV. CODE ANN. § 1333.52 (LexisNexis 2006).

<sup>452</sup> § 1333.52(C)(1).

<sup>453</sup> It is uncertain, however, how this provision might apply to Web-based activities.

discloses the name and street address of the manufacturer of the record, tape, or album, and the name of the performer or group whose performance is recorded. Each manufacture, sale, or distribution of a different performance on a record, tape, or album in violation of this section is a separate offense.

**d. Other Statutes**

**i. Ohio Rev. Code Ann. § 2913.04 - Unauthorized use of property; unauthorized use of computer or telecommunication property; unauthorized use of LEADS information**

This provision of the Ohio Revised Code is rather lengthy and expansive in nature. It provides in (A) that “no person shall knowingly use or operate the property of another without the consent of the owner or person authorized to give consent.”

In the context of copyright infringement, this statute was implicated in *State v. Perry*, in which the court found that the “copying” of computer software was “use.”<sup>454</sup> *Perry* involved the application of Ohio Rev. Code Ann. § 2913.04 to the act of placing copyrighted computer software onto a bulletin board service. In this case, the court held that federal copyright law protected the software. Therefore in this context, state law was pre-empted because the state law claim was not qualitatively different from a federal copyright infringement claim. However, there are some interesting dicta to be found in the opinion. The court acknowledged that there are still some state laws that are not pre-empted in the area of copyright and that its holding was limited to computer software. Also, the court noted that within the context of this case, “copying” and “unauthorized use” were so interrelated that there was no qualitative difference. In this connection, it is important to note that state law protection for pre-1972 sound recordings is expressly *not* pre-empted by the federal law.

**ii. Ohio Rev. Code Ann. § 2913.32 - Criminal simulation**

Another potentially relevant statutory provision in the Ohio Code is § 2913.32, entitled Criminal Simulation. This section forbids any person “with purpose to defraud, or knowing that the person is facilitating a fraud” from “practice[ing] deception in making, retouching, editing, or reproducing any ... phonograph, or recording tape.”<sup>455</sup>

The Legislative Commission Commentary notes for this provision stated that “this section is designed to prohibit forgery where the subject of the offense is not a writing but an object. Among other things, the section prohibits the increasingly common practices of simulating antique furniture or of counterfeiting phonograph records.”<sup>456</sup>

There is some case law for this provision in the context of sound recordings. *Ohio v. Joseph* deals with criminal simulation in the

<sup>454</sup> See *State v. Perry*, 697 N.E.2d 624 (Ohio 1998). The case law section of this report further discusses the details of this case.

<sup>455</sup> § 2913.32(A)(2).

<sup>456</sup> See § 2913.32, Legislative Service Commission Commentary.

context of counterfeit compact discs.<sup>457</sup> In that case, the court held that by selling counterfeit CDs, the defendant had the intent to defraud customers.<sup>458</sup> In effect, this provision operates similarly to the criminal “labeling” statutes found in other states.

### 3. Civil Statutes

#### **a. Civil Action for Damages for Piracy**

Unlike some other jurisdictions, Ohio does not have an express statute creating a private right of action for violations of its antipiracy statute § 1333.52. However, there may still be a cause of action for conduct that incidentally violates the criminal statute under common law theories.

#### **b. Misappropriation: Ohio Rev. Code Ann. § 1333.62**

This statute provides that “actual or threatened misappropriation may be enjoined.” It does not define “misappropriation”; however, the statute proceeds to discuss when injunctions are appropriate in the context of protecting trade secrets and indicates that commercial advantage is a key element to misappropriation.<sup>459</sup>

#### **c. Unfair Competition: Ohio Rev. Code Ann. § 4165.02**

Ohio’s code provides an enumerated list of acts that can constitute a deceptive trade practice.<sup>460</sup> A number of the listed actions are akin to conduct in § 43(a) of the Lanham Act. Indeed, like § 43(a), this provision appears to be a catchall. A number of cases have interpreted this statute, but there do not appear to be any cases dealing with this statute in the context of what amounts to a quasi-copyright infringement claim.<sup>461</sup>

The elements of a deceptive trade practice under § 4165.02 vary, depending on the conduct that is alleged to violate the act. However, the central element is “likelihood of confusion.” Although it does not appear that any court has expressly extended this statute to sound recording as of yet, § (A) (1) or (2) may well be capable of such application. Sections (A) (1) and (2) provide:

A person engages in a deceptive trade practice when, in the course of the person's business, vocation, or occupation, the person does any of the following:

- (1) Passes off goods or services as those of another;
- (2) Causes likelihood of confusion or misunderstanding as to the

<sup>457</sup> 2002 WL 1370900 (Ohio Ct. App. 2002).

<sup>458</sup> *Id.*; see also § 2913.32, Legislative Service Commission Commentary (noting that the statute was enacted in part to prohibit the production of counterfeit merchandise).

<sup>459</sup> See *Dexxon Digital Storage v. Haenszel et al.*, 832 N.E.2d 62 (Ohio Ct. App. 2005) (applying Ohio’s misappropriation statute in the context of trade secrets and discussing when an injunction should be issued).

<sup>460</sup> § 4165.02.

<sup>461</sup> See, e.g., *Daddy’s Junky Music Stores v. Big Daddy’s Family Music Ctr.*, 109 F.3d 275 (6th Cir. 1997); *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp 1417 (S.D. Ohio 1990); *George P. Ballas Buick-GMC, Inc. v. Taylor Buick, Inc.*, 5 Ohio Misc. 2d 16 (1981); *Circle Commc’ns, Inc. v. Hinton*, 74 Ohio Op. 2d 356 (1975).

source, sponsorship, approval, or certification of goods or services.

Two provisions of the statute are of particular interest:

(B) In order to prevail in a civil action under § 4165.03 of the Revised Code that seeks injunctive relief or an award of damages and that is based on one or more deceptive trade practices listed in division (A) of this section, a complainant need not prove competition between the parties to the civil action.

(C) This section does not affect unfair trade practices that are otherwise actionable at common law or under other sections of the Revised Code.

This doctrine seems unlikely to affect nonprofit institutions that use sound recordings in circumstances where there is little likelihood of confusion.

#### **4. Nonstatutory Causes of Action**

##### ***a. Common Law Copyright***

In *Zacchini v. Scripps-Howard Broadcasting Co.* (discussed below), the Ohio Supreme Court discussed common law copyright, and found it inapplicable. The court noted that it is a right that “arises out of the very act of creation” and that in this case, the court held the plaintiff’s performance (as a human cannonball) was outside the bounds of copyright protection.

#### **5. Right of Publicity**

##### ***a. Right of Publicity Statute***

Chapter 2741 of Ohio’s Code creates a statutory right of publicity. Section 2741.02 creates and defines the right of publicity and § 2741.06 creates a private right of action.

Section 2741.02 provides that:

(A) Except as otherwise provided in this section, a person shall not use any aspect of an individual’s persona for a commercial purpose:

- (1) during the individual’s lifetime;
- (2) for a period of sixty years after the date of the individual’s death; or
- (3) for a period of ten years after the date of death of a deceased member of the Ohio national guard or the armed forces of the United States.

Notably, the term “persona” as used above does extend protection to one’s voice.<sup>462</sup> It expressly creates exceptions that include:

(B) A person may use an individual’s persona for a commercial purpose during the individual’s lifetime if the person first obtains the written consent to use the individual’s persona from

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<sup>462</sup> See OHIO REV. CODE ANN. § 2741.01 (defining “persona”).

a person specified in section 2741.05 of the Revised Code. If an individual whose persona is at issue has died, a person may use the individual's persona for a commercial purpose if either of the following applies:

- (1) The person first obtains the written consent to use the individual's persona from a person specified in section 2741.05 of the Revised Code who owns the individual's right of publicity.
- (2) The name of the individual whose persona is used was the name of a business entity or a trade name at the time of the individual's death.

Section 2741.06 provides a private right of action:

(A) The following persons may bring a civil action to enforce the rights set forth in this chapter:

- (1) A person or persons, including an individual whose right of publicity is at issue, who collectively own all of an individual's right of publicity, subject to any licenses regarding that right of publicity;
- (2) A person, including a licensee of an individual's right of publicity, who is expressly authorized in writing by the owner or owners of an individual's right of publicity to bring a civil action;
- (3) Except as otherwise expressly provided in an agreement transferring an aspect of an individual's right of publicity and subject to division (C) of this section, a person to whom ownership or any portion of ownership of an individual's right of publicity has been transferred.

No cases have been found in which the Ohio statutory right of publicity is applied to sound recordings.

#### ***b. Common Law Right of Publicity***

In *Zacchini v. Scripps-Howard Broadcasting Co.*,<sup>463</sup> the complaint alleged that the defendant unlawfully appropriated the plaintiff's professional property when the defendant showed and commercialized a film of the plaintiff's act without his consent. The court noted that "an actionable invasion of the right of privacy is the unwarranted appropriation or exploitation of one's personality." Although designated as a right of "privacy," this common law theory functions as a publicity right.

Further, the court said, "In a jurisdiction where the right of privacy is a matter of common law, the courts have not limited the right solely to commercial appropriation." This language suggests that the appropriation of personality need not be commercial to be actionable, so long as it constitutes some form of "exploitation."

## **6. Potential Defenses for Nonprofit Institutions**

Under Ohio law (both statutory and common law), nonprofit institutions seem to have a number of potential defenses available to them

<sup>463</sup> 351 N.E.2d 454 (1976).

regarding their use of pre-1972 sound recordings. Although such organizations might not benefit from the express statutory exemptions (unless they engaged in the transferring of sound for the purpose of broadcasting), other statutory language (i.e., “use for profit”) strongly suggests that commercial intent must be found prior to a finding of criminal liability. Because of this language, a nonprofit institution could likely avoid liability by claiming that its use of the sound recordings was noncommercial. In addition, consent would be a valid defense.

Section 2913.04 does not seem to require commercial intent; however, it apparently is limited to computer software and thus would not affect pre-1972 sound recordings. As for the criminal simulation statute, a nonprofit institution could avoid liability through demonstration of the absence of any fraudulent conduct. Regarding the misappropriation statute, the institution could claim that its use was noncommercial and thus noninfringing. Under the statute governing unfair competition and deceptive trade practices, an organization may escape liability by demonstrating that its use of the sound recordings does not create any likelihood of confusion, nor does it amount to a passing off of the owner’s goods. If Ohio common law copyright applies to sound recordings, then organizations will likely avoid liability if the original work has been published—although the definition of “publication” for these purposes is not clear.

Finally, in terms of the right to publicity claims, nonprofit institutions could again demonstrate that their use of the recordings is noncommercial and nonexploitive, even if the term “persona” is interpreted to include voice or other recorded performances.

## Wisconsin

### 1. History

Wisconsin first dealt with record piracy in 1974 in *Mercury Records Productions, Inc. v. Economic Consultants, Inc.*; this case held that the common law theory of misappropriation prohibited a third party from copying and re-releasing a plaintiff’s recordings.<sup>464</sup> A year later, the Wisconsin legislature criminalized the unauthorized copying of another’s sound recordings by enacting Wis. STAT. § 943.207, which addresses the piracy of sounds fixed before 1972. In spite of § 943.207, it appears that the *Mercury Records* rule is still good law, as it provides the foundation for Wisconsin’s definition of common law misappropriation—a cause of action under which many civil actions are brought. Since *Mercury Records*, no Wisconsin court has interpreted § 943.207 or addressed record piracy in general.

<sup>464</sup> 218 N.W.2d 705 (Wis. 1974).

## 2. Criminal Statutes

### *a. Sound Recording Antipiracy Statute*

The leading statute dealing with sound recordings fixed prior to 1972 is § 943.207, passed in 1975. The statute penalizes whoever “[i]ntentionally transfers, without the consent of the owner, any sounds first embodied in or on a recording before February 15, 1972, with intent to sell or rent the recording into or onto which sounds are transferred for commercial advantage or private financial gain.”<sup>465</sup> The statute also prohibits the advertisement, offer for sale or rent, sale, rental, or possession of a recording, or its transportation within the State of Wisconsin for commercial advantage or private financial gain with knowledge that sounds have been transferred into or onto a recording in violation of the above provision.<sup>466</sup>

A violation of the statute gives rise to criminal liability, and the penalties vary, depending on the number of recordings involved as well as on their value. The statute classifies a crime either as a Class A misdemeanor, or a Class I or Class H felony. Although the first section of the statute does not address Internet transfers of sound recordings, § (3m) speaks to it and provides varying penalties, depending on how many times the recordings are replayed as well as on their value.<sup>467</sup>

Section 207 exempts from the statute “[t]ransfer by a cable television operator or radio or television broadcaster of any recorded sounds, other than from the sound track of a motion picture, intended for, or in connection with, broadcast or other transmission or related uses, or for archival purposes” as well as “transfer of any video or nonvideo audio tape intended for possible use in a civil or criminal action or special proceeding in a court of record.”<sup>468</sup> These exemptions were in the original statute, passed in 1975, and have survived unchanged in the present statute. The “archival” provision raises the question that arises in several state laws: whether the reference is intended to describe a freestanding exception, or to be considered as an included part of the exception for broadcasting. In the absence of case law or clear legislative history, this point cannot easily be clarified.

The statute was enacted in 1975, and amended in 1977 and 2000. The 1977 amendments changed only the sanctions from the original act. In 2000, § 207(1)(a) was amended in many ways; the most significant amendment for our purposes was the addition of the language “for commercial advantage or private financial gain.”<sup>469</sup>

<sup>465</sup> WIS. STAT. § 943.207(1)(a) (2005).

<sup>466</sup> *Id.* § 207(1)(b)-(c).

<sup>467</sup> *Id.* § 207(3m)(a)-(c).

<sup>468</sup> *Id.* § 207(4).

<sup>469</sup> See 2000 WIS. LEGIS. SERV. 51 (West) (describing the changes made to the provisions dealing with misappropriation of property and the transfer of recorded sounds for unlawful use).

### **b. Possible Defenses to Antipiracy Statute**

Aside from the exemptions provided, the statute does not specify any defenses. Section 207(1)(a), however, provides that the sounds must have been “transferred for commercial advantage or private financial gain” to be criminalized. This element, or lack thereof, would be significant in analyzing criminal liability.

### **c. Labeling Law**

Section 209 addresses the failure to disclose the manufacturer of a recording. “Manufacturer” is also defined in § 206. Section 209 criminalizes whoever, “for commercial or private financial gain,” “[k]nowingly advertises, offers for sale or rent, sells, rents or transports a recording that does not contain the name and address of the manufacturer in a prominent place on the cover, jacket or label of the recording”<sup>470</sup> or “possesses with intent to advertise, offer for sale or rent, sell, rent or transport a recording that does not contain the name and address of the manufacturer in a prominent place on the cover, jacket or label of the recording.”<sup>471</sup> The penalties in subsection (2) of the provision vary from a Class A misdemeanor to a Class H felony, depending on the value of the recordings and prior convictions under this section.<sup>472</sup> Sections 208 and 209 both became effective in 2000.

## **3. Nonstatutory Causes of Action**

### **a. Common Law Copyright**

Common law copyright still exists in Wisconsin. Before § 207 was written, the Wisconsin judiciary addressed the issue of pre-1972 sound recordings in *Mercury Records Productions, Inc. v. Economic Consultants, Inc.*<sup>473</sup> The court in this case authorized the use of common law copyright law to regulate pre-1972 sound recordings. The case relied heavily on *Goldstein v. California*<sup>474</sup> and *International News Service v. Associated Press (I.N.S.)*,<sup>475</sup> and sustained claims based on unfair competition (misappropriation) and common law copyright. In spite of the subsequent enactment of § 207, *Mercury Records* probably continues to be valid authority.

The doctrine was cited again in 1982, after the passage of the original statute dealing with record recordings, in *M. Bryce & Associates, Inc. v. Gladstone*.<sup>476</sup> However, *M. Bryce* is the only case since *Mercury Records* that cites common law copyright. In *M. Bryce*, the plaintiff claimed that the defendants “took and used for their own benefit [plaintiff’s] ‘trade secret’ contained in a methodology for the design of management information systems.” In remodeling their

<sup>470</sup> § 943.209(1)(a).

<sup>471</sup> § 943.209(1)(b).

<sup>472</sup> § 943.209(2).

<sup>473</sup> 218 N.W.2d 705 (Wis. 1974).

<sup>474</sup> 412 U.S. 546 (1973).

<sup>475</sup> 248 U.S. 215 (1918).

<sup>476</sup> 319 N.W.2d 907 (1982).

information systems, the defendants solicited the plaintiff, who came and gave them a demonstration. The defendant did not buy the plaintiff's services, but the information system the defendants ultimately came up with, in the form of a manual, looked substantially like the plaintiff's product. The court centered its analysis on the copyright aspect of the claim around whether general or limited publication occurred. It said that common law copyright governed the issue until general publication occurred. As such, the court reaffirmed the existence of state common law copyright in this case.

Neither *Mercury Records* nor *M. Bryce* gives a very good discussion of common law copyright. They merely presume that in the absence of a state statute or a pre-emptive federal law, it exists. There are no other cases explicitly discussing, or even mentioning, common law copyright—let alone authority with respect to its scope or the availability of defense under it.

### **b. Unfair Competition and Misappropriation**

In *Mercury Records*, the court's discussion of common law copyright focused on federal pre-emption, or the lack thereof. However, the court also concerned itself with the concepts of unfair competition and misappropriation. It is unlikely that, under Wisconsin law, a claim would be available in connection with the unauthorized use of sound recordings under the traditional "palming off" branch of state unfair competition law. If available at all, such a claim would likely be brought under misappropriation.

*Mercury Records* was brought as a class action on behalf of record companies and manufacturers claiming that defendants, without the plaintiffs' permission,

pirate[d] and appropriate[d] the performance of plaintiffs' artists and the results of plaintiffs' skill experience, endeavors, and expenditures in making the recordings. Defendants [did] this by selling for their own profits tapes to which have been transferred the impulses induced by playing recordings manufactured by each of the plaintiffs.<sup>477</sup>

The defendant, a self-described "unlicensed duplicator," taped original recordings of popular songs from 1929 to 1971 and sold the tapes "without permission from the recording company or the recording artist, and without paying either."<sup>478</sup>

#### **i. Cause of Action for Unfair Competition in the Nature of Misappropriation**

The elements of misappropriation include (1) time, labor, and money expended in the creation of the thing misappropriated; (2) competition; and (3) commercial damage to the plaintiff. *Mercury Records* explains:

the essence of the cause of action in misappropriation is the

<sup>477</sup> 218 N.W.2d 705, 706 (1974).

<sup>478</sup> *Id.* at 707.

defendant's use of the plaintiff's product, into which the plaintiff has put time, skill, and money; and the defendant's use of the plaintiff's product or a copy of it in competition with the plaintiff and gaining an advantage in that competition because the plaintiff, and not the defendant, has expended the energy to produce it. The wrong is not in the copying, but in the appropriation of the plaintiff's time, effort, and money.<sup>479</sup>

The court rejected the defendant's claim that "states can constitutionally regulate record piracy only by statute, not by common law," by interpreting *Goldstein v. California* as permitting state protection by common law as well as by statute.<sup>480</sup>

#### ii. Plaintiffs' Property Interest

*Mercury Records* held that by recognizing a cause of action in unfair competition in the nature of misappropriation, the court was recognizing a property interest in the plaintiffs' professional investment of time, skill, and money, which protects the plaintiffs from the "larceny" of their efforts. The court analogized the case with *I.N.S.*, and said that the property was protected only until it was valueless to either the original holder of the interest or the misappropriator. Moreover, the court noted that the plaintiffs did not lose their property interest or right to claim unfair competition in the records by selling them—they did not abandon their interest to defendants for piracy.<sup>481</sup>

#### iii. Re-release as Causing Loss of State Protection

The court did not decide this question, but noted that state law, not federal copyright law, likely applied to the re-release of a pre-1972 recording after 1972.<sup>482</sup>

There have been no more published opinions addressing record piracy in Wisconsin. *Mercury Records* is often cited as setting forth the rule of misappropriation, most often in trade secret cases.<sup>483</sup> The case has also been cited numerous times outside of Wisconsin for stating the test of misappropriation, again, most often in trade secret cases.

## 4. Right of Publicity

### c. Right of Publicity: Statutory and Common Law

Wisconsin has a statutory right of privacy that includes elements commonly associated with the "right of publicity."<sup>484</sup> In *Hannigan v. Liberty Mutual Insurance Co.*,<sup>485</sup> the court also equated the common

<sup>479</sup> *Id.* at 710.

<sup>480</sup> *Id.* at 709-11.

<sup>481</sup> *Id.* at 714-15.

<sup>482</sup> *Id.* at 715.

<sup>483</sup> See, e.g., *RTE Corp. v. Coatings, Inc.*, 267 N.W.2d 226 (Wis. 1978); *Gary Van Zeeland Talent, Inc. v. Sandas*, 267 N.W.2d 242 (Wis. 1978) (citing *Mercury Records* for the rule of misappropriation and applying the rule in cases involving putative trade secrets).

<sup>484</sup> Wis. STAT. § 895.50 (2005).

<sup>485</sup> 604 N.W.2d 33 (Wis. Ct. App. 1999) (unpublished).

law right of publicity with § 895.50.<sup>486</sup> The *Hannigan* court explained that the common law and statutory claims are the same and that they share the same purpose: “to protect the property interest in the publicity value of one’s name (or portrait or picture) from commercial exploitation by others.”<sup>487</sup>

Under the statute, “invasion of property” includes:

(b) the use, for advertising purposes or for purposes of trade, of the name, portrait or picture of any living person, without having first obtained the written consent of the person or, if the person is a minor, of his or her parent or guardian;

The statute provides that “the right of privacy recognized in this section shall be interpreted in accordance with the developing common law of privacy, including defenses of absolute and qualified privilege, with due regard for maintaining freedom of communication, privately and through public media.”

*Hirsch* directly addresses “the intermingling of the right of privacy and the right to control commercial exploitation of aspects of one’s identity.” The statute brings the two prongs together. Section 895.50(2)(b) codifies the publicity prong—the “right to control commercial exploitation.”

The case mentions a law review comment article<sup>488</sup> in which the author talks in terms of “protecting a property interest” by “prevent[ing] the use of a celebrity’s personality without consent.” This tends to suggest that the commercial purpose is irrelevant. Moreover, the language of the statute expressly says “for advertising purposes or for purposes of trade.” This seems to encompass all non-consensual advertising—for commercial purposes or otherwise.

There is no indication that Wisconsin law protects “voice” as such under its statutory and common law rights of privacy. However, it is possible that a person whose image had been copied in connection with making sound available could bring an action against the entity copying the records, provided that the piracy was for the purpose of advertising or trade. It is unlikely, however, that this statute and the accompanying body of common law could be extended to the archival or educational use of sound recordings by nonprofit institutions.

## 5. Potential Defenses for Nonprofit Institutions

Under Wisconsin law (both statutory and common law), nonprofit institutions using pre-1972 sound recordings seem to have a number of potential defenses available to them. Though such organizations would be unlikely to benefit from the express statutory exemptions (unless they engaged in transferring sound for the purpose of

<sup>486</sup> See also *Hirsch v. S.C. Johnson & Son, Inc.*, 280 N.W.2d 129 (Wis. 1979) (discussing the common law right of publicity).

<sup>487</sup> *Hannigan*, 280 N.W.2d at 10.

<sup>488</sup> Judith Endejan, *The Tort of Misappropriation of Name or Likeness Under Wisconsin’s New Privacy Law*, 1978 Wis. L. Rev. 1029.

broadcasting), the statutory language strongly suggests that commercial intent must be found prior to a finding of criminal liability.<sup>489</sup> Because of this language, a nonprofit institution might avoid liability by claiming that its use of the sound recordings was a noncommercial use. In addition, consent would be a valid defense.

Regarding the unfair competition/misappropriation doctrine, a nonprofit institution could defend itself by demonstrating that it is not in competition with the owner of the sound recording or that there has been no commercial damage as a result of the institution's use of the sound recording in question. Finally, Wisconsin's right to privacy is unlikely to cause problems for nonprofits using sound recordings unless the institution can be found to have used the "likeness" of the owner for advertising purposes. It is unclear whether "likeness" encompasses a voice or other recorded performance. Nevertheless, nonprofit institutions should still be careful about advertising featuring names or likenesses.

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<sup>489</sup> See, e.g., § 943.207 ("for commercial advantage or private financial gain").





