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ENTERTAINMENT AND COPYRIGHT LAW: SECTION 303 OF THE COPYRIGHT ACT IS AMENDED AND A PRE-78 PHONORECORD DISTRIBUTION OF A MUSICAL WORK IS NOT A DIVESTITIVE PUBLICATION

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PROLOGUE

On November 13, 1997, section 303 of the Copyright Act of the United States was amended to provide: "(b) The distribution before January 1, 1978, of a phonorecord shall not for any purpose constitute a publication of the musical work embodied therein."[1] This amendment was enacted to settle a controversy between the copyright owners of musical compositions and the numerous groups who use those compositions, most prominently, sound recording companies. This controversy had its origin in the system of legal protection afforded to the copyright owners of music within the United States until January 1, 1978, the effective date of the present Copyright Act.[2] This Article begins in Part I with a description of a mu-

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1. Title 17 Technical Amendments, Pub. L. No. 105-80, 111 Stat. 1534 (1997).

2. 17 U.S.C. §§ 101-1101 (1976). With the advent of the present Copyright Act, a musical work authored on or after the Act's effective date is protected from the moment it is "fixed in any tangible medium of expression" and not when offered to the public for sale in the form of phonorecords. *Id.* § 102(a). A work is "fixed" "when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration . . . ." *Id.* § 101.

sic composer's craft and the commercial exploitation of the resulting songs. Part II offers a brief orientation to the copyright law concepts, statutes, and precedents necessary to understand the question of divestitive publication in relation to musical works and their distribution by phonorecord retail sale. Part III traces the various court decisions on the subject, focusing primarily on two reported court of appeals decisions known as *Rosette* and *La Cienega*. Part IV reviews the history of the amendment to section 303 of the present Copyright Act which is Congress's answer to the divestitive publication controversy. Finally, Part V offers some commentary on this problem, which in particular addresses the *La Cienega* decision in light of the recently enacted section 303(b), which is an apparent codification of the *Rosette* rule.

I. INTRODUCTION

Some composers create songs by writing down musical notes and words on pieces of paper, by making a demonstration tape, or by producing a transcription of the music and words. Other composers create songs or author musical works by improvisational, perhaps collaborative, live playing of musical instruments, putting nothing on paper.[3]

More importantly, most composers exploit or authorize the exploitation of the fruits of their creativity (e.g., their songs), by selling those authorship rights which are granted to them under copyright laws. Sound recording companies, on the other hand, reap rewards by recording performances of the song and then selling copies of that performance or by authorizing someone else to sell a performance of the song in the form of phonorecords (e.g., compact discs, cassette tapes, vinyl albums).[4] The song's composer, thereafter, may receive royalties that come from sales of the sound recordings of his or her song.[5]

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3. The distinction between music which in some form is made tangible and that which is not made tangible in some form is one which Congress has chosen to mark the subsistence of a federal copyright ordinarily. *Id.* § 102(a) (stating that a copyright may be secured in original works of authorship only when reduced to tangible form.). As to music which is improvised as played and so not made tangible in some form, a composer's or the composers' authorship rights are governed ordinarily by state law. *Id.* § 301(a) (stating that state rights that are the equivalent of a copyright under Title 17 of the United States Code are preempted in those works only which are reduced to some tangible form).

4. The controversy which is the subject of this Article arose prior to the advent of CD's or audio cassettes. In fact, the controversy has its origins in the pianola role. *See infra* notes 75–83 and accompanying text.

5. In a typical case, the composer conveys, either directly or indirectly through a music publisher, to a sound recording company those rights which are needed for that company to make the sound recording. The rights beforehand have been granted by Congress under the federal Copy-

The recording of musical compositions has, of course, only been possible within approximately the last one hundred years.[6] In the nineteenth century, and even before, the only way that composers could make money from their musical compositions, other than charging for the right to hear a live public performance, was to put the composition on paper, make or print copies, and then cause the distribution and sale of printed copies in the form of sheet music.[7]

Federal copyright law has granted protection to musical compositions since 1831,[8] when Congress comprehensively revised the Copyright Act of 1790,[9] the first copyright statute in the United States. Ever since then, composers have enjoyed the protection of federal law for their "written" music. If these composers complied with the requirements of the federal statute, they had the exclusive rights, within limits, to make, distribute, and sell copies of sheet music for the duration of their statutory copyright.[10]

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right Act to the composer as the author-owner. *See, e.g.*, 17 U.S.C. § 106(1)–(5) (1976). A composer's conveyance to a sound recording company would include the right to reproduce the song in the form of phonorecords (e.g., CDs' or cassette tapes), the right to distribute the song by means of sale or otherwise, and the right to prepare a derivative work from the song (e.g., the sound recording). *Id.* § 106(1)–(3).

6. *See infra* note 11.

7. *See infra* note 11 and accompanying text.

8. Act of Feb. 3, 1831, ch.16, § 5, 4 Stat. 436 (current version at 17 U.S.C. § 5(e) (1952)), *repealed by* Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (1976).

9. Act of May 31, 1790, Ch. 15, 1 Stat. 124. This original statute only protected books, maps, and charts. *See id.*

10. Act of Feb. 3, 1831, ch.16, § 5, 4 Stat. 436 (current version at 17 U.S.C. § 5(e) (1952)), *repealed by* Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (1976). Limitations upon the exclusive rights of the owner of a federal copyright have given a significant role to the relationship between the owners and users of copyrightable materials. Moreover, for much of this century the subsistence of a federal copyright was conditioned upon compliance with various formalities set out in copyright law.

Issues concerning the loss of a federal copyright for non-compliance with statutory formalities, however, have all but vanished under the present Copyright Act so far as concerns music created on or after that Act's effective date of January 1, 1978. Indeed, from its effective date to the present, the Act has periodically been amended to either eliminate or ameliorate any ill-effects of non-compliance or to eliminate formalities altogether. *See, e.g.*, 17 U.S.C. § 402(a)–(b) (1997), *amended by* Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (1988).

With the advent of the phonograph[11] in the late nineteenth century, composers were presented with a new way to profit from their music: they or someone acting under their authority could record a performance of the composition and sell reproductions of it to the exclusion of all others. A phonorecord of the sound recording was the tangible form that the reproductions were intended to be under the statute.[12] During the middle half of the twentieth century, the music recording industry emerged and grew to enormous proportions by exploiting this new technology.[13] Composers would create songs, performances of those songs would be recorded, and the recordings would be sold to the public in the form of phonorecords. In fact, often the first offering of a song to the public was through a phonorecord, with sheet music being printed and distributed only if the song was sufficiently popular.[14]

This practice presented, and continues to present, an interesting question of copyright law: does such a distribution of phonorecords, when occurring before the effective date of the present Copyright Act, constitute a publication of the underlying musical composition sufficient to divest its owner of a common law copyright when certain formalities required by federal copyright law have not been met?[15] The answer to this question is of substantial economic importance to the authors of musical compositions, those to whom they may have assigned their rights in the compositions (e.g., music publishing companies), the sound recording companies who cause the

11. Thomas Edison invented the phonograph in 1877, using a wax cylinder with spiral grooves as the medium in which sound was recorded. Flat disks were first introduced in 1887 by Emil Berliner. But it was not until electrical recording devices were developed in 1925 that the phonograph could become a practically useful invention. THE COLUMBIA-VIKING DESK ENCYCLOPEDIA, 769 (William Bridgwater ed., 1953).

12. The Copyright Act defines the term phonorecords as:

> material objects in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term "phonorecords" includes the material object in which the sounds are first fixed.

17 U.S.C. § 101 (1976). Sound recordings are defined under the statute as works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work, regardless of the nature of the material objects, such as disks, tapes, or other phonorecords, in which they are embodied. *Id.*

13. S. Shemel & M. Krasilovsky, THIS BUSINESS OF MUSIC, (Paul Ackerman, rev. ed. 1995).

14. *See* Robert J. Burton, *Business Practices in the Copyright Field, in* SEVEN COPYRIGHT PROBLEMS ANALYZED 87, 103 (Theodore R. Kupferman ed. 1952).

15. *See generally* Benjamin Kaplan, *Publication in Copyright Law: The Question of Phonograph Records*, 103 U. PA. L. REV. 469 (1955).

compositions to be recorded and distributed as phonorecords, and other users of music.[16]

In this regard, if a pre-1978 distribution of phonorecords of musical compositions was deemed to be a divestitive publication, then vast numbers of those compositions may have been inadvertently injected into the public domain. This divestitive result occurred because the federal Copyright Act required notice of copyright[17] upon publication, and this was typically omitted from phonorecords when distributed through retail sale.[18] Music composers, publishers, copyright owners of music, and their attorneys apparently considered a phonorecord distribution not to be a divestitive publication.[19] In the early 1950's, however, contrary dicta appeared in some federal district court opinions.[20]

Federal district courts, thereafter, were split over the next twenty years. Then, in 1976, the Second Circuit, in *Rosette v. Rainbo Record Mfg.*[21] held that the widespread distribution of phonorecords was not a publication of the underlying musical composition. As a result of this decision, composers, their publishers, as well as the copyright bar's initial intimation, finally had some substantial authority to support their claims.

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16. The other users, of particular note, are commercial broadcasters who are obligated to obtain authorization from the copyright owner or her agent for public performances of the copyrighted music. *See generally* Boucher, *Blanket Licensing and Local Television: An Historical Accident in Need of Reform*, 44 WASH. & LEE L. REV. 1157 (1987).

17. The Copyright Act of 1909 provided for acquisition of federal copyright protection by publication with notice. 17 U.S.C. § 10 (1952) (repealed effective 1978). Section 19 of the Act covered the form of proper notice. 17 U.S.C. § 19 (1952) (repealed effective 1978). Publication absent notice could result then in the failure to acquire a copyright under the 1909 Act. In addition, the publication could cause any state copyright protection to be extinguished. The net result was that the musical composition entered the public domain where anyone would be free to use all or part of that work. *Id.*

18. It must be kept in mind that the phonorecord distributed embodied two distinct works of authorship. The first work subsists in the sounds derived from the performance of the musical composition. The second work subsists in the musical composition on which the performance was based. For the better part of the twentieth century, a federal copyright did not subsist in the sounds embodied on the phonorecord. That such a copyright could exist was first recognized in the 1909 Copyright Act as of February 1, 1972. 17 U.S.C. § 1 (1952) (amended effective Feb. 1, 1972) (repealed effective 1978).

19. *See* discussion *infra* Part III.A.

20. *See* WILLIAM F. PATRY, LATMAN'S THE COPYRIGHT LAW 145 (6th ed. 1986). The cases containing dicta that phonorecord distribution was divestitive publication include Shapiro, Bernstein & Co. v. Miracle Record Co., 91 F. Supp. 473 (N.D. Ill. 1950); Mills Music v. Cromwell Music, 126 F. Supp. 54 (S.D.N.Y. 1954).

21. 546 F.2d 461 (2nd Cir. 1976).

It would take almost another twenty years before another court of appeals would issue a reported opinion on the subject. In 1995, to the dismay of many within the music industry, the Ninth Circuit, in *La Cienega Music v. ZZ Top*,[22] reached a decision opposite the one in *Rosette*. A divided panel held that, under the 1909 Copyright Act, a distribution of phonorecords without any copyright notice constituted a divestitive publication of the underlying musical composition and irrevocably injected the work into the public domain.[23]

The *La Cienega* decision was, to say the very least, unpopular within the segment of the music industry which was represented by the copyright owners of music.[24] Its rule was also contrary to the "long-standing view of the Copyright Office" on this subject.[25] *La Cienega* has also been the subject of some scholarly criticism.[26] Two of the most respected treatises on copyright law, however, clearly agreed with the logic of the *La Cienega* court's holding.[27]

It took no more than two years from the *La Cienega* decision for Congress to act in response to the Ninth Circuit's holding. In 1997, it passed section 303(b) of the Copyright Act which stated that "[t]he distribution before January 1, 1978, of a phonorecord shall not for any purpose constitute a publication of the musical work embodied therein."[28]

II. DIVESTITIVE PUBLICATION UNDER THE 1909 COPYRIGHT ACT

Section 303 of the Copyright Act was amended on November 13, 1997 in order to define certain limits of the legal event of publication.[29] These

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22. 53 F.3d 950 (9th Cir. 1995).

23. When confronted with the holding of the *La Cienega* court and that of the *Rosette* court, the United States District Court for the Middle District of Tennessee chose to follow the rule in *La Cienega*. As such, the musical compositions of plaintiff copyright owners, were held to have irrevocably fallen into the public domain when, without notice of copyright, phonorecords embodying the compositions were distributed publicly. Mayhew v. Gusto Records, Inc., 960 F. Supp. 1302 (1997). The rule in *Mayhew* and *La Cienega*, as a well as the opposing rule of *Rosette* are now subject to 17 U.S.C. § 303(b). *See supra* note 1 and accompanying text.

24. H.R. REP. NO. 105-325, at 2–4 (1997).

25. *Id.*

26. *See* Mark A. Bailey, *Phonorecords and Forfeiture of Common-law Copyright in Music*, 71 WASH. L. REV. 151 (1996). *But see* Recent Case, *Copyright - Phonorecords - Ninth Circuit Holds that Phonorecord Sales Publish the Underlying Musical Composition* - La Cienega Music Co. v. ZZ Top, 108 HARV. L. REV. 2059 (1995).

27. *See* PAUL GOLDSTEIN, 1 COPYRIGHT § 3.2.2.2, at 3:21 (2d ed. 1996); 1 NIMMER ON COPYRIGHT § 4.05[B], at 4-26 (1996).

28. Title 17 Technical Amendments, PUB. L. 105–80, 111 STAT. 1531 (1997).

29. H.R. REP. NO. 105-325, at 2.

limits concerned the distribution of phonorecords made before the effective date of the present Act, January 1, 1978.[30] Prior to January 1, 1978, the concept of publication was of central importance under the 1909 Copyright Act.[31] It marked the dividing line between common law copyright and federal statutory copyright.

According to Supreme Court precedent, publication was the point when a created work lost any common law protection that it had.[32] By virtue of the 1909 Copyright Act, publication was the point at which a work became protected by federal statutory copyright, provided that the requisite notice requirements were followed.[33] If a work was published without the required notice, it was deemed to have been dedicated to the public domain,

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30. The amendment sought to make clear that the distribution of a musical record, disc or tape before 1978 did not consist a publication of the musical composition(s) embodied in that disc or tape. *Id.*

31. Act of March 4, 1909, ch. 320, 35 Stat. 1075, *repealed by* Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541. This copyright law was in force throughout much of the twentieth century. Its provisions regulated the rights and limits of a copyright in music for almost the entire period before the advent of the present Copyright Act. It was under the 1909 Copyright Act, therefore, that much of the controversy concerning whether record sales constituted a publication of the underlying musical composition arose.

32. Wheaton v. Peters, 33 U.S. 591 (1834). The court found it unpalatable for a creator to have perpetual protection in the form of an exclusive common law right to control his work, while at the same time being able to exploit the work through publication. Once published, the court concluded that the limited monopoly provided by federal statute was the only protection available, thus balancing the need for an incentive for the creator with the need of society to eventually have free access to works. *Id.* at 657; *see infra* note 44 and accompanying text.

The *Wheaton* court considered two early landmark English cases which considered common law copyright and the English copyright statute, The Statute of Anne, 8 Anne, ch. 19 (1710). Those cases were Millar v. Taylor, 98 Eng. Rep. 201, 4 Burr. 2303 (K.B. 1769) and Donaldson v. Becket, 98 Eng. Rep. 257, 4 Burr. 2408 (1774).

The *Wheaton* court concluded that the "law appears to be well settled in England, that, since the Statute of 8 Anne, the literary property of an author in his works can only be asserted under the statute." *Wheaton*, 33 U.S. at 657. While that was indeed the law in England, it has been the subject of some debate as to whether the decision in *Donaldson* was that there was never any common law copyright, or rather that whatever common law right there might have been was completely preempted by statute. *See* Howard B. Abrams, *The Historic Foundation of American Copyright Law: Exploding the Myth of Common Law Copyright*, 29 WAYNE L. REV. 1119 (1983).

Note that what is commonly referred to as "common law copyright" is the right of first publication, as opposed to an exclusive right to control use, adaptation, and copying subsequent to publication. *See id.* at 1129–30. *Wheaton* and subsequent cases all acknowledged a common law right of first publication. *See infra* notes 35–43 and accompanying text.

33. *See* Copyright Act of 1909 § 10, 17 U.S.C. § 10 (1952) (repealed effective 1978).

thereby allowing anyone the right to use, modify, and copy the work as they wished.[34]

Common law copyright is often described as the right of first publication, meaning that the work's creator had absolute control over when, if ever, the product of his creativity would be exposed to the public at large.[35] The justification for this absolute control stemmed from the author's interest in privacy and in the integrity of his personality of which his work was an expression.[36] For example, a person's personal correspondence, though brilliantly composed and of immense interest to the public, could not be published unless and until the author decided to do so.[37] This is due to the fact that the author may consider the substance of such letters to be so personal and private that he does not desire that the general public be given access to them.[38] Likewise, the author of a book may never want it exposed to public view because he considers it poorly written. More realistically, this author may simply object to the timing of publication, similar to when he forbids a publication until his publisher agrees to pay a certain price. Interestingly, common law gave to the creator all of this control.[39] However,

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34. *See* National Comics v. Fawcett, 191 F.2d 594 (2d Cir. 1951); PATRY, *supra* note 20, at 138; GOLDSTEIN, *supra* note 27, § 3.1, at 3:4–3:5.

To the extent that federal courts were deciding that a work, such as a musical composition, was dedicated to the public as a result of a publication without compliance with the 1909 Act's notice requirements, they were engaging in a legal fiction. In many such cases, courts found it unnecessary that an author possess some sort of a donative intent. Quite the contrary was more often than not the case. *See, e.g.*, White v. Kimmell, 193 F.2d 744 (9th Cir. 1952).

35. *See* Kaplan *supra* note 15, at 469; Estate of Hemingway v. Random House, 279 N.Y.S. 2d 51, 54–55 (Sup. Ct. 1967), *affirmed*, 296 N.Y.S.2d 771 (1968).

36. Kaplan, *supra* note 15, at 470.

37. *See* Salinger v. Random House, 811 F.2d 90 (2nd Cir. 1987). The court there stated:

> Prior to 1978, unpublished letters, like other unpublished works, were protected by common law copyright, but the 1976 Copyright Act preempted the common law of copyright . . . and brought unpublished works under the protection of federal copyright law, which includes the right of first publication among the rights accorded to the copyright owner . . . .

Id. at 94 (citations omitted).

38. The general rule relating to personal letters and the author's privacy interest as sufficient to prevent public access may at times be tempered, however, by the public's interest in knowing what the author had to say. *See* Estate of Hemingway v. Random House, 279 N.Y.S. 2d 51 (Sup. Ct. 1967), *affirmed*, 296 N.Y.S. 2d 771 (1968).

39. Any work actually created in tangible form (e.g., written down or recorded) can no longer receive such perpetual protection by the common law, as the 1976 Copyright Act preempts the common law not just for published works, but for any work fixed in a tangible medium of expression. 17 U.S.C. § 301(a) (1976). At the end of the federal statutory protection, the work falls into the public domain.

In addition, although a work may be protected while unpublished under the 1976 Copyright Act, that status alone does not accord the work and its author any rights under the Act greater than those granted the author of a protected published work. *See, e.g.*, Harper & Row, Publishers, Inc.

once the work was published, the creator under common law lost creative control. As a result, an author could not control the work's use or adaptation. Indeed, an author could not even keep inexpensive copies from being made and sold to compete with his own authorized editions.[40]

At this point, if an author's work was to be protected, the protection would come from federal statutory copyright law. As authorized by the Constitution, Congress passed laws giving limited protection to "authors" for their "writings."[41] Under the 1909 Copyright Act, a creator could claim statutory protection for his work in one of two ways: (1) publication of the work with notice of copyright[42] or (2) deposit of the work or part(s) thereof with a claim of copyright.[43]

The Constitution made this grant to Congress and Congress has since deemed copyright protection necessary to encourage persons to be creative and produce intellectual works for the public's ultimate benefit. The thinking was and continues to be that authors (including composers) will be more productive and creative in anticipation of the economic benefit which a property interest facilitates.[44]

In pure utilitarian terms, the object of copyright protection is to have some optimal level of creative works available to the public at reasonable prices. But, while increasing the level and duration of control that a creator has over his work tends to increase the level of creativity and the quantity of works produced in a society, it also tends to increase the price everyone else must pay for those works. On the other hand, decreasing the level and dura-

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v. Nation Enterprises, 471 U.S. 539 (1985).

40. Publication divested the author of all rights at state law. *See supra* notes 32–34 and accompanying text.

41. U.S. CONST. art. I, § 8, cl. 8. This clause provides that "Congress shall have the power . . . [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." *Id.*

The clause was adopted by the Constitutional Convention without debate. PATRY, *supra* note 20, at 5. Congress passed the first copyright statute in 1790. It was amended several times during the nineteenth century, often by the addition of a new form of copyrightable subject matter (e.g., musical compositions in 1831 and photographs in 1865). In 1909, copyright law was extensively reworked, as it was again in 1976. The 1976 Act, as amended, is the current federal copyright statute.

42. 17 U.S.C. § 10 (1952) (repealed effective 1978).

43. 17 U.S.C. § 12 (1952) (repealed effective 1978).

44. *See, e.g.*, Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975). Stated in the majority opinion of Justice Stewart, "[t]he immediate effect of our copyright law is to secure a fair return for an 'author's' creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good." *Id.*

tion of control that a creator has over his work brings the price of any created works down. It also tends to decrease the quality and quantity of those works because from any one individual's perspective, there is less incentive to create because there is less money to be made. Federal copyright law, by giving a property interest in intellectual works for a limited time, seeks to achieve an appropriate balance between these two extremes.[45] In order to represent these two interests, copyright law must definitively reflect this balance.[46]

When an author, such as a music composer, chooses to publish his work, more often than not he is seeking to exploit that work for individual economic gain. Federal copyright law, recognizing that such a work might never have been created without the prospect of such economic gain, facilitates this motive by granting the creator exclusive rights in his work (e.g. to perform publicly, to reproduce, etc.) [47] for a specified period of time after which the work will fall into the public domain and be free for anyone to use and/or reproduce. For example, the 1976 Copyright Act generally protects a work for the life of the creator plus seventy years, whereas the 1909 Act protected a work for twenty-eight years, with an available extension of another twenty-eight years (fifty-six years total).[48]

Both the concept of a common law copyright and the event of publication under the 1909 Copyright Act are of considerable importance today, especially the concept of publication. Although under the 1976 Act a copyright in a work attaches upon fixation "in a tangible medium of expression,"[49] rather than upon publication with notice[50] as provided within

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45. *Id.*

46. H.R. REP. NO. 60-2222, at 7 (1909).

> In enacting a copyright law Congress must consider . . . two questions: First, how much will the legislation stimulate the producer and so benefit the public; and, second, how much will the monopoly granted be detrimental to the public? The granting of such exclusive rights, under the proper terms and conditions, confers a benefit upon the public that outweighs the evils of the temporary monopoly.

Id.

47. 17 U.S.C. § 106 (1994). The analogous provision of the 1909 Act was 17 U.S.C. § 1 (1952) (repealed effective 1978).

48. The Copyright Act of 1976 § 302, as recently amended, prescribes the following time periods for protection: generally, the life of the author plus seventy years; for joint works, the life of the longest living author plus seventy years; for anonymous, pseudonymous, and made-for-hire works, ninety-five years from the date of first publication or one hundred years from creation, whichever comes first. 17 U.S.C. § 302 (1994), *amended by* Sonny Bono Copyright Term Extension Act, Pub L. No. 105-298, 112 Stat. 2827 (1998). Copyright Act of 1909 § 24 prescribed a period of twenty-eight years from first publication, with a renewal of another twenty-eight years allowed. 17 U.S.C. § 24 (1952) (repealed effective 1978).

49. 17 U.S.C. § 102(a) (1994).

50. 17 U.S.C. § 10 (1952) (repealed effective 1978).

the 1909 Act,[51] any work in the public domain on the effective date of the 1976 Act, January 1, 1978, remains unprotected by copyright.[52]

Because publication without notice of copyright before 1978 dedicated a work to the public domain,[53] frequently a determination as to whether or not a particular action constituted such divestitive publication must be made. This question must be decided under the 1909 Act, the law applicable to all works created before 1978. In fact, musical works underlying a sound recording prior to the Copyright Act's amendment in November of 1997[54] faced this exact problem.

Furthermore, the 1909 Act did not include a definition of publication. This was apparently intentional, as it was thought that a general, abstract definition was too difficult to articulate.[55] The definition of "the date of publication" was specified, however. Section 26 of the 1909 Act defined the date of publication "in the case of a work of which copies are reproduced for sale or distribution" as "the earliest date when copies of the first authorized edition were placed on sale, sold, or publicly distributed by the proprietor of the copyright or under his authority."[56] Courts consistently held that this language did not define publication, but rather served only to fix the date from which statutory protection began to run.[57] Thus, courts were left to develop the definition of publication.

In deciding whether or not a given act constituted "publication" under the 1909 Act, courts often were influenced by the consequences of their decision on the parties before them. Courts generally made decisions based upon whether a finding of publication would invest statutory copyright under § 10 of the 1909 Act, or whether such a finding would result only in a divestiture of common law copyright, thereby forfeiting the creators rights and injecting the work into the public domain. The courts required little to find investitive publication, but much more to find a divestitive publication.

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51. *Id.*

52. Transitional and Supplementary Provisions of 1976 Copyright Act § 103, 90 Stat. 2559 (1976).

53. *See supra* note 34 and accompanying text.

54. *See supra* note 1 and accompanying text.

55. *Hearings on S. 6330 and H.R. 19853 Before the Joint Comms. on Patents*, 59th Cong. 71 (1906).

56. 17 U.S.C. § 26 (1952) (repealed effective 1978).

57. *See* Cardinal Film Corp. v. Beck, 248 F. 368 (S.D.N.Y. 1918); Hirshon v. United Artists Corp., 243 F.2d 640 (D.C. Cir. 1957).

In the first decision to acknowledge such a double standard,[58] the court observed:

> [C]ourts apply different tests of publication depending on whether plaintiff is claiming protection because he did not publish and hence has a common law claim of infringement—in which case the distribution must be quite large to constitute publication—or whether he is claiming under the copyright statute—in which case the requirements for publication are quite narrow. In each case the courts appear so to treat the concept of "publication" as to prevent piracy.[59]

As is the case in many contexts, courts abhorred a forfeiture and tended to adjust the requirements for a finding of publication depending upon whether such a finding would result in a forfeiture of the creator's rights.

The other distinction made by courts which enabled them to ascribe a meaning to divestitive publication arose from the division of publication into two categories: limited and general. In principle, a limited publication was one that was published to a limited number of persons and for a limited purpose. Its occurrence, when found, would not result in the divestiture of common law rights.[60] A general publication, on the other hand, involved the creator relinquishing subsequent control over his creation by a broad dissemination of his work. Such a general publication would result in divestiture and, if the federal statutory requirements were not met, a dedication of the work to the public domain.[61]

Accordingly, questions arose concerning circumscribed distributions. Thus, when Martin Luther King, Jr. distributed copies of his "I Have a Dream" speech, without copyright notice, to members of the press to help them report on the speech, it was later argued that he had published the speech and thereby lost common law protection of his work. The court considering the issue decided that such a distribution was a limited publication because it was limited to a group consisting only of reporters, and was for the limited purpose of assisting them in reporting on the speech.[62] Less no-

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58. GOLDSTEIN, *supra* note 27, at § 3.2.1.

59. American Visuals Corp. v. Holland, 239 F.2d 740, 744 (2nd Cir. 1956).

60. *See* White v. Kimmell, 193 F.2d 744, 746-47 (9th Cir. 1952); American Vitagraph v. Levy, 659 F.2d 1023, 1026-27 (9th Cir. 1981); PATRY, *supra* note 20, at 140-41; MARSHALL LEAFFER, UNDERSTANDING COPYRIGHT LAW 112–13 (2d ed. 1995).

61. *American Vitagraph*, 659 F.2d at 1026–27; PATRY, *supra* note 20, at 140–41.

62. *See* King v. Mister Maestro, Inc., 224 F. Supp. 101, 107 (S.D.N.Y. 1963). *But see* Estate of Martin Luther King, Jr., Inc. v. CBS, Inc., 13 F.Supp.2d 1347 (N.D.Ga. 1998) (Dr. King's oral delivery of the speech in concert with its simultaneous and unrestricted reproduction and dis-

table cases have held that only a limited publication occurs when a composer gives written copies of his musical work to musicians and orchestra leaders for the purpose of facilitating a performance of the work,[63] and when playwrights distribute copies of their play to business persons and production professionals in order to obtain commercial production of their play.[64]

Of course, the quintessential publication of a work occurs when copies of the work are distributed to the public through commercial sale. If a copy of the work can be purchased by anyone who desires a copy, the mere payment of the purchase price constitutes a general publication that is sufficient to divest common law rights.[65]

Perhaps one of the most important precedents for the phonorecord publication issue concerned the public performance of a work.[66] In *Ferris v. Frohman*,[67] the United States Supreme Court held that the public performance of a play was not a publication and did not divest common law copyright.[68] Although decided in 1912, the *Ferris* case was controlled by pre-1909 Act federal copyright law. That law provided for federal protection of plays, giving authors the exclusive right to make copies and to publicly perform their plays.[69] The *Ferris* Court took note of this statute, but specifically found that it was not implicitly destructive of common law copyright in plays that had not been published in the traditional sense of being printed on paper and disseminated to the public.[70] Despite being criticized for its characterization of the English common law concerning performance rights,[71] the *Ferris* opinion has been lauded as embodying sound policy for its time:

> That performance did not dedicate [to the public domain] even though a means existed under the [federal] statute to secure performance rights, also made an appeal to common sense so long as the statute required the dramatist to publish as a condition of ob-

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tribution constituted a general publication, thereby placing the speech into the public domain at the time of its delivery.)

63. *See, e.g.*, Allen v. Walt Disney Prods., 41 F. Supp. 134, 135–36 (S.D.N.Y. 1941).

64. *See* Burnett v. Lambino, 204 F. Supp. 327, 329 (S.D.N.Y. 1962).

65. *See id.*

66. It is important because the phonorecord has been likened to a public performance. *See* Bailey, *supra* note 26, at 162–63 (citing Rosette v. Rainbo Records, 354 F. Supp. 1183, 1191–92 (S.D.N.Y. 1973) *aff'd*, 546 F.2d 461 (2nd Cir. 1976)).

67. 223 U.S. 424 (1912).

68. *Id.* at 435.

69. *See* Rev. Stat. §§ 4952, 4956 (1875), *amended by* 26 Stat. 1106-07 (1891).

70. Ferris v. Frohman, 223 U.S. 424, 435 (1912).

71. *See* Kaplan, *supra* note 15, at 474–75.

> taining that protection. . . . Few authors of plays had any independent economic incentive to publish, and it may have been thought an undue burden to force this as a means of securing the stage-right.[72]

Under section 12 of the 1909 Act, a common law copyright owner could obtain federal statutory protection without publication, by merely depositing a copy with claim for copyright.[73] Although a cogent argument can be made for having required creators who publicly performed their works to comply with that section in order to retain exclusive control over their works (i.e. overrule *Ferris* and find public performance divestitive, with exclusive control only possible through the limited monopoly of the federal statute),[74] the post-*Ferris* case law did not move in that direction.

It therefore remained the rule that under the 1909 Act, a public performance of a work did not constitute a publication that would divest an owner of common law copyright.[75] Common law copyright owners were free to publicly perform their works, reaping whatever economic gain they could, without fear that their common law copyrights would be lost.[76]

One other precedent that has been found to be important, indeed even controlling to some courts on the issue of phonorecords and publication, is the United States Supreme Court's holding regarding what constitutes a "copy." In *White-Smith Music Publ'g Co. v. Apollo Co.*,[77] the Court held that perforated rolls of paper used in automatic player pianos (pianola

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72. *Id.* at 475–76. Professor Kaplan wrote that the principal objection to the Ferris rule "is that it is abhorrent to the central theme of copyright to permit the dramatist (or composer) to exploit his work, and in the way most appropriate to the medium, without exacting the usual limits on his monopoly." *Id.* at 479. Those "usual limits" are the durational limits of federal protection as compared with the perpetual protection of the common law. *Id.* at 477–78.

73. 17 U.S.C. § 12 (1952) (repealed effective 1978).

74. *See* Kaplan, *supra* note 15, at 476–77.

75. *See, e.g.*, Nutt v. National Institute, Inc., 31 F.2d 236, 238 (2nd Cir. 1929).

76. The *Ferris* rule has been applied in cases involving not only musical compositions. McCarthy & Fisher v. White, 259 F. Supp. 364 (S.D.N.Y. 1919); *see also* King v. Mister Maestro, Inc., 224 F. Supp. 101 (S.D.N.Y. 1963) (applying the *Ferris* rule to musical compositions); Burke v. National Broadcasting Co., 598 F.2d 688 (1st Cir. 1979) (applying the *Ferris* rule to motion pictures).

77. 209 U.S. 1 (1908).

rolls)[78] were not copies of the musical compositions, the playing of which was enabled by such rolls.[79]

White-Smith was a copyright infringement case where the plaintiff, as assignee of the musical composer's federal copyright, argued that the production of pianola rolls infringed its exclusive right to make copies of the musical compositions.[80] The Court stated that while "[i]t may be true . . . in a broad sense that a mechanical instrument which reproduces a tune copies it . . . this is a strained and artificial meaning."[81] As a consequence, the Court found it impossible to hold that a pianola roll, through which the musical composition was virtually indecipherable even by craftsmen skilled in making such rolls,[82] could be a copy of the musical composition. The Court noted that copyright law did not protect "the intellectual conception apart from the thing produced, however meritorious such conception may be."[83] Thus, the Court concluded that a musical composition could not be copied until it had been "put in a form which others can see and read."[84] Later, courts followed the logic of the *White-Smith* Court and held that phonorecords were not copies of the underlying musical compositions.[85]

White-Smith was decided while the 1909 Copyright Act was being debated in Congress. Interpreting the federal copyright statute as leaving music copyright owners without a means of redress for another's technological exploitation of their work, the *White-Smith* opinion at least recognized that piano roll manufacturers were getting a "free ride."[86] But, the Court said

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78. The Court described such rolls as:

> perforated sheets, which are passed over ducts connected with the operating parts of the mechanism in such a manner that the same are kept sealed until, by means of the perforations in the rolls, air pressure is admitted to the ducts which operate the pneumatic devices to sound the notes. This is done with the aid of an operator, upon whose skill and experience the success of the rendition largely depends. As the roll is drawn over the tracker board the notes are sounded as the perforations admit the atmospheric pressure, the perforations having been so arranged that the effect is to produce the melody or tune for which the roll has been cut.

Id. at 10.

79. *Id.* at 17–18.

80. *Id.* at 8–9.

81. *Id.* at 17.

82. *Id.* at 18. The Court did, however, acknowledge that "there is some testimony to the effect that great skill and patience might enable the operator to read this record as he could a piece of music written in staff notation." *Id.*

83. *White-Smith*, 209 U.S. at 17.

84. *Id.*

85. *See, e.g.*, Corcoran v. Montgomery Ward, 121 F.2d 572, 573 (9th Cir. 1941).

86. *White-Smith*, 209 U.S. at 18.

that "such considerations properly address themselves to the legislative, and not to the judicial, branch of the government." As a result, the music composers and publishers lobbied Congress for inclusion in the new law of exclusive rights for the manufacture and sale of mechanical devices (e.g. pianola rolls or phonograph records) that embody musical compositions. Congress could have done so by simply stating in the 1909 Act that mechanical embodiments of music were copies of the underlying musical compositions. It did not do so, however, largely because of the fear of creating a monopoly.[87] The Aeolian Company, a manufacturer of pianola pianos, had evidently anticipated a favorable decision for copyright owners in the *White-Smith* case and, therefore, bought the rights to vast numbers of songs from American music publishers.[88] Congress feared the absolute control which Aeolian would have had over mechanical reproduction of such a vast amount of music if Congress decided to allow musical copyright owners the same exclusive rights over mechanical reproductions as the law allowed such owners over written sheet music.

In order to combat this problem, Congress extended copyright protection to mechanical reproductions of music and provided for compulsory licenses under section 1(e) of the 1909 Act.[89] The compulsory license provision essentially provided that once a musical copyright owner allowed his work to be captured in something like a phonorecord or pianola roll, any other person could do likewise by simply paying the copyright owner a statutory fee of two cents per copy. Obviously, this prevented Aeolian from exercising exclusive control over mechanical reproduction of the songs it owned because once it exploited its right by making pianola rolls, anyone else could do so upon paying the statutory license fee.[90]

The comprehensive effect of this statutory law and precedent has proven to be powerful ammunition in the persistent arguments on both sides of the phonorecord publication issue. Courts have decided both ways on the issue, sometimes focusing on the statutory language and precedent, and other times focusing on the perceived policies of American copyright law. The following section will summarize this disparate body of case law which reflected the state of the law prior to the amendment to section 303 of the 1976 Copyright Act.

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87. PAUL GOLDSTEIN, COPYRIGHT'S HIGHWAY 67 (1994).

88. *Id.* at 65.

89. 17 U.S.C. § 1(e) (1952) (repealed effective 1978).

90. A compulsory license available to sound recording companies today continues under the present copyright act. 17 U.S.C. § 115 (1976).

III. CASE LAW ON PUBLICATION AND PHONORECORD DISTRIBUTION

A. Some Noteworthy Distinctions

At the outset, copyright in a musical composition embodied in a copy, and the copyright in a particular performance (the actual sounds) of the composition embodied in the phonorecord, must be considered.[91] At common law and under the federal Copyright Act of 1909, as amended in 1972, copyright in a musical work was distinct from a copyright in a sound recording.[92] The 1972 amendment to the 1909 Copyright Act did not expand the rights of those who held copyrights in the underlying musical compositions. The copyright owner of a musical work, once having exercised its common law right of first publication within the United States could not prevent a subsequent distribution of a recorded rendition of that song. Rather, the owner of the musical work copyright, if he/she had obtained federal copyright protection through publication with notice and deposit with the copyright office, was left with the remedies provided for under the compulsory license provisions of section 1(e) of the 1909 Act.[93] The owner of the copyright in a sound recording, however, could prevent an unauthorized distribution of the particular performance of the music or actual sounds recorded.[94]

B. Phonorecord Distribution of the Recorded Performance

Before there was federal copyright protection for sound recordings, there had been some disagreement in the courts as to whether phonorecord distribution constituted divestitive publication of the common law copyright in the recorded performance. For example, in *RCA Manufacturing Co. v.*

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91. *See infra* note 92 and accompanying text.

92. Such recorded performances became covered under the federal law on February 15, 1972, the effective date of the 1971 Sound Recording Amendment to the Copyright Act of 1909. That amendment modified the 1909 Act not only to make explicit the eligibility of recorded performances or sound recordings for a copyright but also to prevent the unauthorized duplication of the exact sounds found on a particular phonorecord.

Reproductions of sound recordings were denominated "copies" thereof under section § 26 of the 1909 Act, thus making unauthorized reproduction subject to the normal infringement remedies.

93. 17 U.S.C. § (1)(e) (1952) (repealed effective 1978).

94. 17 U.S.C. § 26 (Supp. 1977) (repealed 1978).

Whiteman,[95] Judge Learned Hand found that phonorecord distribution did divest the common law copyright in the recorded performance.[96] The consequence of Judge Hand's holding, given the absence of a federal copyright in sound recordings before 1972, was that a recorded performance distributed on phonorecords would thereafter be in the public domain. Subsequent decisions of other courts generally disagreed with Judge Hand's decision in *Whiteman* finding instead that common law rights in the recorded performance survived phonorecord distribution.[97]

Eventually, in *Goldstein v. California*,[98] the United States Supreme Court held that states could protect performances recorded before February 15, 1972 from piracy without regard to the fact that such performances had been widely distributed on phonorecords.[99] The Court, however, did not decide the issue of whether a general publication of the musical work that underlay the recorded performance occurred when phonorecords of the performance were distributed. It did, however, dismiss the argument that, under federal law, the recorded performances had been published[100] stating:

> We have no need to determine whether, *under state law*, these recordings had been published or what legal consequences such publication might have. *For purposes of federal law*, 'publication' serves only as a term of the art which defines the legal relationships which Congress has adopted under the federal copyright statutes. As to categories of writings which Congress has not brought within the scope of the federal statute, the term has no application.[101]

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95. 114 F.2d 86 (2nd Cir. 1940).

96. *Id.* at 88.

97. *See, e.g.*, Capitol Records v. Mercury Records Corp., 221 F.2d 657, 663 (2nd Cir. 1955); National Ass'n of Performing Artists v. William Penn Broadcasting Co., 38 F. Supp. 531, 533 (E.D. Pa. 1941). As a consequence of these holdings, states remained free to provide legal protection to sound recordings at common law or by statute.

98. 412 U.S. 546 (1972).

99. The *Goldstein* case mainly concerned issues of federalism and preemption of state law. In *Goldstein*, defendants in a state criminal action for record piracy argued that by virtue of the Constitutional Copyright Clause, U.S. Const. art. I, § 8, cl. 8, and the federal Copyright Act enacted thereunder, the states were preempted from regulating the area, regardless of the fact that Congress had not seen fit to bring the particular type of work at issue in the case, sound recordings, within the ambit of federal protection. *Goldstein*, 412 U.S. at 551. The Court ultimately allowed the state to prosecute for record piracy, saying that we cannot discern such an unyielding national interest as to require an inference that state power to grant copyrights has been relinquished to exclusive federal control. *Id.* at 558.

100. *Id.* at 551.

101. *Id.* at 570 n.28.

By negative inference, it would seem that the Court believed that "publication" was a federal question with regard to works that the federal statute did protect, such as musical compositions.[102]

C. *Phonorecord Distribution and Musical Compositions*

From the late 1940's on, courts routinely made pronouncements in dicta and in their holdings, regarding whether phonorecord distribution was a publication sufficient to divest common law copyright in the underlying musical composition. Some of the earlier cases relied on Judge Hand's *Whiteman* opinion for support, even though that case actually dealt with common law rights in the recorded performance, and not the musical composition itself.

While there has been some disagreement among commentators and courts as to which position represented the majority view,[103] it is clear that a realistic appraisal of case law reveals that there was no clear majority. Cases holding or suggesting that phonorecord distribution was a divestitive publication of the underlying musical composition go back as far as 1949,[104] and even so far as 1940, if Judge Hand's opinion in *Whiteman* is included.[105] Additionally, cases holding that common law copyright survived phonorecord distribution arguably go back as far as 1947.[106]

The reigning authority for each position are the court of appeals decisions from the Second Circuit and the Ninth Circuit. The cases within these circuits present the most clearly articulated arguments regarding their respective positions and, thus, will occupy the majority of the following discussion.

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102. This also was apparently the position of Judge Learned Hand. *See, e.g.*, RCA Mfg. Co. v. Whiteman, 114 F.2d 86, 87–90 (2d Cir. 1940); Capitol Records v. Mercury Records Corp., 221 F.2d 657, 666–67 (2d Cir. 1955) (Hand, J., dissenting).

103. *Compare* NIMMER, *supra* note 27, at § 4.05[B][2] *with* Bailey, *supra* note 26, at 164.

104. *See, e.g.*, Mayhew v. Gusto Records, 960 F. Supp. 1302 (M.D. Tenn. 1997); Int'l Tape Mfrs. Ass'n v. Gerstein, 344 F. Supp. 38 (S.D. Fla. 1972); McIntyre v. Double-A Music, 166 F. Supp. 681 (S.D. Cal. 1958); Mills Music v. Cromwell Music, 126 F. Supp. 54 (S.D.N.Y. 1954); Shapiro, Bernstein, & Co. v. Miracle Record Co., 91 F. Supp. 473 (N.D. Ill. 1950); Blanc v. Lantz, 83 U.S.P.Q. 137 (Cal. Super. Ct. 1949).

105. 114 F.2d 86 (2nd Cir. 1940).

106. *See, e.g.*, Capitol Records v. Mercury Records, 221 F.2d 657 (2d Cir. 1955); Tempo Music v. Famous Music, 838 F. Supp. 162 (S.D.N.Y. 1993); Jones v. Virgin Records, 643 F. Supp. 1153 (S.D.N.Y. 1986); Dealer Advertising v. Barbara Allen Fin. Advertising, 209 U.S.P.Q. 1003 (W.D. Mich. 1979); Nom Music v. Kaslin, 227 F. Supp. 922 (S.D.N.Y. 1964); Yacoubian v. Carroll, 74 U.S.P.Q. 257 (S.D. Cal. 1947).

D. Rosette*: The Second Circuit's Analysis*

The United States Court of Appeals for the Second Circuit, in *Rosette v. Rainbo Record Mfg.*,[107] held *per curium*, that the widespread distribution of phonorecords was not a publication of the underlying musical composition. The court affirmed a district court's holding and relied on the reasoning of the lower court's opinion,[108] written by District Judge Gurfein.

Rosette involved claims for violation of statutory and common law copyright in thirty-three children's songs.[109] As a defense, defendant Rainbo Manufacturing alleged that twenty of the compositions were within the public domain by virtue of the plaintiff's prior publication without notice.[110] The plaintiff admitted that several of her musical compositions had been recorded and released on phonorecords.[111]

After a brief summary of common law copyright publication doctrine, Judge Gurfein articulated some competing policies:

> On the one hand there is distaste for the perpetual monopoly that sustaining common law rights unlimited in time involves. On the other, there is a strong reaction that precedent should be reliable rather than a trap for the unwary, particularly in a technical field where the lawyers, assumed to be learned, guide the hand of the untutored artist. . . . the practicing copyright bar has voiced its objection to relinquishing what they consider *stare decisis* so as to cast into the public domain thousands of works of popular and classical music, performances of which have been distributed on phonograph records without statutory copyright in reliance upon the rule of law that a distribution of phonograph records is not a publication.[112]

In doing so, Judge Gurfein revealed his sympathy for the copyright owner's position and determined that there was substantial precedent for the proposition that phonorecord distribution was not a publication.

After taking note of the *White-Smith* decision and the 1909 Act's answer thereto of extending federal copyright protection to mechanical reproductions by way of the compulsory license provision, the judge went on to summarize some of the case law cited by the defendant in support of its as-

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107. 546 F.2d 461 (2d Cir. 1976).
108. Rosette v. Rainbo Record Mfg., 354 F. Supp. 1183 (S.D.N.Y. 1973).
109. *Id.* at 1184.
110. *Id.*
111. *Id.* at 1185.
112. *Id.* at 1189.

sertion that phonorecord distribution was a divestitive publication.[113] Significantly, Judge Gurfein found those cases lacking in their failure to take into account the *White-Smith* decision "or the impact of the 1909 Act on its doctrine."[114] It was the judge's opinion that, under the 1909 Act, a phonorecord should be treated as a performance, and therefore was not divestitive of copyright protection. Thus, in concluding that the 1909 Act had not overruled *White-Smith*, Judge Gurfein stated that "[t]he argument that the permanency of the recording makes it more than a mere performance is an argument that the Congress did not accept or it could easily have made such an enactment."[115] The Judge added that with *White-Smith* still intact:

> [I]t was logical to conclude that if the infringing music roll was not a copy of the composition so as to cast its maker in liability, the creation of a music roll by the author himself would not make it a "copy" of his work and hence not a publication of it.[116]

But, Judge Gurfein was not content to hold that common law copyright had survived phonorecord distribution, due to the fact that he was aware that in so doing, the owner of a common law copyright in a musical composition would arguably retain the common law right in perpetuity, so long as she did not publish the songs in the traditional sense of disseminating sheet music. This perpetual protection stood in stark contrast to the limited monopoly of the federal statutory right that was limited to a maximum of fifty-six years. Moreover, the statutory right was even more limited in that it consisted only of a compulsory license fee that the statutory copyright owner was entitled to only after giving a notice of use.[117] This presented an important question of federalism and preemption:

> Can the States, by virtue of the common law, constitutionally impose a lesser requirement when copyright has been vested by the

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113. *Id.* at 1190–91.

114. *Rosette*, 354 F. Supp. at 1191.

115. *Id.* at 1191–92.

116. *Id.* at 1189.

117. *Id.* at 1192 (citing 17 U.S.C. § 1(e) (1952) (repealed effective 1978)). Section 1(e) of the 1909 Act provided, in pertinent part:

> It shall be the duty of the copyright owner, if he uses the musical composition himself for the manufacture of parts of instruments serving to reproduce mechanically the musical work, or licenses others to do so, to file notice thereof . . . in the copyright office, and any failure to file such notice shall be a complete defense to any suit . . . for any infringement of such copyright.

17 U.S.C. § 1(e) (1952) (repealed effective 1978).

> Constitution in the national Government? Must the impediments to the free exercise of the statutory copyright be held to limit the exploitation of the common law copyright to the same degree?[118]

The point was especially troubling because section 2 of the 1909 Act explicitly legitimated common law copyright by asserting:

> [n]othing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefore.[119]

Therefore, Judge Gurfein was faced with a statute that at once sought to preserve all common law rights and sought to offer the limited monopoly of federal copyright protection for musical compositions.

Musical compositions, covered within the 1909 Act, were clearly the type of work upon which Congress wanted to impose a societal bargain with creators—the bargain consisting of allowing the creator to profit from a limited federal protection for an exploited work in exchange for an eventual dedication to the public after the statutory term of copyright had ended. However, it could be argued that Judge Gurfein's holding that phonorecord distribution was not a divestitive publication extends common law copyright protection indefinitely, allowing the composer of the music to completely exploit his creation, in the medium most suited to it, without having to pay his end of the bargain by dedicating to the public.

Judge Gurfein solved this problem by limiting the available remedies for common law copyright holders despite the savings clause of section 2. He concluded that:

> [t]o avoid the constitutional problem I think that the exception of Section 2 of the Copyright Law [preserving common law copyright] must be limited to exclude the sale of phonograph records from the protection given to the owner of an unpublished manuscript to the extent that the common law right exceeds the rights of statutory copyright owners. The conditions for use of the musical composition on phonograph records are so well defined in the comprehensive Copyright Act of 1909 that it is unlikely that the Congress intended that contradictory principles of State law should survive.[120]

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118. *Id.*

119. 17 U.S.C. § 2 (1952) (repealed effective 1978).

120. *Rosette*, 354 F. Supp. at 1193.

> Under the rule announced in *Rosette*:
> [t]he sale of phonograph records is not a divestment of common law rights by publication but . . . it does inhibit suit against infringers until the statutory copyright is obtained and the notice of use is filed. Thereafter, . . . the statutory copyright owner may sue for subsequent infringement.[121]

To this end, upon distribution, the common law copyright is an inchoate right that is unenforceable. Its existence in such state, however, does guarantee the copyright owner the opportunity to secure the statutory copyright. In doing so, the copyright owner's federal right is complete and enforceable against an infringer.

E. La Cienega*: A View From the Ninth Circuit*

In 1995, the United States Court of Appeals for the Ninth Circuit considered *Rosette*. The court within this circuit characterized the opinion in *Rosette* as the minority rule, and refused to follow it. In *La Cienega Music v. ZZ Top*,[122] a divided panel held that, under the 1909 Copyright Act, a distribution of phonorecords without any copyright notice constituted a divestitive publication of the underlying musical composition and irrevocably injected the work into the public domain.

La Cienega concerned a song, written in 1948 and revised in 1950 and 1970, by John Lee Hooker and Bernard Besman entitled "Boogie Chillen."[123] The first version of the song was released to the public on phonorecords nineteen years before it was registered with the Copyright Office. Thus, if such phonorecord distribution were deemed publication, the work would fall into the public domain and could not be subsequently protected under the federal law. When Besmen, through his music company La Cienega, sued the band ZZ Top for infringing the copyright in "Boogie Chillen" in their song "La Grange," ZZ Top asserted the defense of prior publication and public domain.[124]

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121. *Id.*
122. 53 F.3d 950 (9th Cir. 1995).
123. *Id.* at 952.
124. *Id.* at 952.

After quoting extensively from the Nimmer treatise[125] on copyright law to support its determination that *Rosette* was the minority rule,[126] the court offered an additional argument for its position that phonorecord distribution was divestitive publication. The court stated that:

> *Rosette* reduces the incentive to immediate compliance with the 1909 Act. According to the statutory scheme, an artist who composes a song, wants to sell recordings immediately, and thus copyrights the song in compliance with the 1909 Act, has 28 years of copyright protection from the time of compliance. In contrast, under *Rosette*, an artist who does not so comply can sell any number of recordings for several years, receiving common law copyright protection all the while, before copyrighting the work with the Copyright Office. From the point of this late compliance on, the statutory copyright owner receives 28 years of federal protection. *Rosette* consequently may encourage artists to delay compliance with the Copyright Act's requirements and thereby receive "longer" copyright protection. Such an outcome would clearly be undesirable.[127]

As the passage indicates, the Ninth Circuit was concerned with *Rosette's* effect on the policy of limiting the duration of protection for a work once its creator had commenced commercial exploitation of it. The court clearly believed that this had been done as a result of any sale of phonorecords embodying the song.

Ultimately, the court remanded the case for a determination as to whether La Cienega had complied with the notice requirement of the 1909 Act[128] necessary to secure federal copyright upon publication.[129] If not, it would have no claim to copyright, as the song would have fallen into the public domain.[130]

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125. *See* NIMMER, *supra* note 27.

126. *La Cienega*, 53 F.3d at 953.

127. *Id.*(referring to *Rosette*, 354 F. Supp. at 1193).

128. 17 U.S.C. § 10 (1952) (repealed effective 1978).

129. *La Cienega*, 53 F.3d at 954.

130. Judge Fernandez dissented from the majority opinion with regard to the issue of publication. *Id.* He agreed with *Rosette*, noting that while it "may present some difficulty, it does grapple with the conundrum posed by *White-Smith*." *Id.*

For Judge Fernandez, there simply was no way to reconcile the rule that a phonorecord is not a copy with a holding that phonorecord distribution is a divestitive publication. *Id.* at 954–55. Apparently for Judge Fernandez and Judge Gurfein (the *Rosette* district court judge) only distribution of copies could be deemed a publication, and there could be only one consistent definition of "copy," the one articulated in *White-Smith*.

Like Judge Gurfein, the dissenting Judge Fernandez realized that he,

IV. PROBLEMS: *ROSETTE* AND *LA CIENEGA*

Under *Rosette*, the owner of the common law copyright in a musical composition could not recover for any actual infringement until the infringement of which he had knowledge was sufficient to motivate him to register his work under the federal Copyright Act. Because registration could take place quickly, the author could register (and give notice) in plenty of time to prevent extensive infringement. On the other hand, authors may indeed prefer to miss out on a remedy for a small amount of infringement by not registering in exchange for an extension of the time for exclusive rights. If an author were lucky enough to avoid large-scale infringement for a time sufficient to reap substantial economic gain, he would have in fact gained something. Namely, that exact amount of extra time in which to exploit the exclusive rights, all in exchange for missing out on possibly small remedial amounts under the statute—small because the work could be registered quickly enough to prevent substantial infringement.

As for the majority in *La Cienega*, its justification is not sound today, nor was it at the time the Ninth Circuit decided the case. It cannot be said that adherence to *Rosette*, i.e. holding phonorecord distribution is not a divestitive publication, "reduces the incentive toward immediate compliance with the 1909 Act."[131] The 1909 Act is not now, nor was it at the time of decision in *La Cienega*, the governing law. A decision about the consequences of phonorecord distribution under that law can no longer provide any incentives at all. It can only affect whether a particular musical composition, distributed on phonorecords before January 1, 1978, will be protected under the 1976 Copyright Act by virtue of having been "unpublished" and fixed in a tangible medium of expression on January 1, 1978, or will be denied protection because it was "published" and therefore was in public domain on January 1, 1978. A decision made today about the

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> [M]ust confront the argument that it might appear that a common law copyright holder has greater rights than a person who has actually registered his copyright under the 1909 Act. *Rosette* avoided that difficulty by deciding that the actual protective part of copyright—the right to recover for another's use of recordings of the musical work—would have to await the registration of the work, as contemplated by 17 U.S.C. § 1(e) (1909). Thus, the author of the copyrighted work really could not obtain any greater protection than that available to the author of a registered work.

Id. at 955. The conclusion of Judge Fernandez is questionable. An author might be able to enjoy common law protection for a considerable time before an infringement motivated him to register and give notice of use under the 1909 Act as required by *Rosette*.

131. *Id.* at 953.

legal consequences of past actions, under a prospectively inapplicable law, cannot rationally be justified as increasing or reducing incentives.[132]

V. SECTION 303(B): THE AMENDMENT'S RESPONSE TO THE PROBLEMS

In reaction to the *La Cienega* decision, bills to reverse it were introduced before Congress.[133] This decision, it was thought, placed "all pre-1978 works . . . under a cloud since, . . . most recordings of musical works at that time were released without a copyright notice for works contained within."[134]

With the legislation pending, a field hearing was held in June of 1997 in Nashville.[135] Following this hearing, it was determined that it was impracticable for music composers and their publishers to "ensure that a phonorecord cover contain a copyright notice."[136]

It was also found that the Copyright Office's interpretation of the 1909 Act's "notice" provisions led it to the same conclusion that "the release of a phonorecord was not a 'copy' for purposes of the Act."[137] Finally, it was reported that, based upon this interpretation, the Copyright Office had been advising the copyright owners of music both before and after the *Rosette* opinion that "there was no need to comply with the 1909 notification requirements for phonorecord releases."[138]

Both the long-standing policy and advice of the Copyright Office and the widespread music industry practice were at odds with the *La Cienega* decision. With this history before it, Congress amended section 303 taking direct aim at *La Cienega*. Subsection (b) was added to section 303 providing as follows: "The distribution before January 1, 1978, of a phonorecord shall not for any purpose constitute a publication of the musical work em-

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132. In 1998, for example, the author of a song written in 1970 which under *La Cienega* was dedicated to the public would be induced or dissuaded to write another song based on the present Copyright Act's incentives and not those of its predecessor, the 1909 Act.

133. *See, e.g.*, H.R. REP. NO. 105-325 (1997).

134. *Id.* No notice of the copyright claimed in the musical work was placed on the recorded version because copyright owners were relying on the advice of the Copyright Office and the *Rosette* decision as well as *White-Smith*. *Id.*

135. *Id.*

136. *Id.* In this regard, it is the sound recording company which issues the cover record and can do so without the express authority of the copyright owner of the music. 17 U.S.C. § 115 (1976) (setting forth the compulsory licensing provision of the present Copyright Act). The 1909 Act's compulsory licensing provision was of similar effect. *See supra* note 87 and accompanying text.

137. H.R. REP. NO. 105-325 (1997).

138. *Id.*

bodied therein . . . ." The Copyright Act has thus eliminated the potential effect *La Cienega*.[139]

VI. CONCLUSION

If industry and agency practice are sufficient to justify delivering a knockout blow to the *La Cienega* decision, then section 303 (b) is the only legislative course of action. It does unequivocally confirm that business should proceed as usual. And, it is a $1.2 billion business by recent accounts.[140]

If policy choices are going to dictate the outcome in phonorecord publication cases, these decisions definitely cannot be commensurate with those policies expressed in *La Cienega*. For under those policies, the public would continue to pay for the phonorecord cover of the musical work but the author would not receive the benefits of record royalties.

Congressional decision-making as expressed by section 303 (b) concerning the subsistence of a copyright in those musical works created before January 1, 1978 and distributed in the form of a phonorecord before that date should be based on the broader policy concerns running through copyright law. Section 303 (b) reflects the belief that the main policy of copyright is to maximize the number of works available and minimize the prices of those works. The opportunity to find that many thousands of musical compositions were freely available because they were in the public domain was not appealing precisely because such a holding would have deflated the confidence potential future creators would have had in their society's willingness to protect them. Section 303 (b) will also motivate the songwriter because she begins to trust in society's willingness to protect her once her creation exists. Whether this conclusion is doubtful only time and the application of section 303 (b) will tell.[141]

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139. The effect of the amendment upon the rights of the actual litigants in *La Cienega* is beyond the scope of this article.

140. H.R. REP. NO. 105-325, at 11 (1997) (discussing annual revenues generated by phonorecord distribution of musical works at issue).

141. The arguments on both sides of this issue have merit. Thus, it is possible that a potential future song writer will believe that society has kept its bargain by enacting of section 303 (b) of the Copyright Act. However, it may as equally be said of this person, that she would probably not reduce her creative output absent this new amendment.