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# Copyright Problems of the Phonograph Record Industry\*

Sidney A. Diamond\*\*

*This article addresses itself to several difficult questions. Are phonograph records copyrightable? What is the scope of a copyright owner's "mechanical reproduction right," and how exclusive is this right? What protection against infringement of the "recorded performance," as opposed to the musical composition incorporated in it, has the record manufacturer? What additional statutory protection might be granted in this area, and what of its constitutionality?*

## I.

The phonograph record is a paradox in copyright law. Business practices in the record industry are built largely on a single clause of the Copyright Act,<sup>1</sup> yet phonograph records themselves are not copyrightable and derive no protection whatever from the statute.<sup>2</sup> Another paradox: A phonograph record is not a copy of the musical work embodied in the recording,<sup>3</sup> but if the recorded musical work is copyrighted, then the unauthorized manufacture or sale of the phonograph record is an infringement of the copyright in that musical work.<sup>4</sup>

The explanation for this unusual set of conditions in the phonograph record industry is to be found in the history of the Copyright Act of 1909.<sup>5</sup> During the years 1905 to 1908, the copyright bar was very much concerned with the question of federal statutory revision. One of the undecided questions under the current law at that time was the status of mechanical reproductions of musical works.

Business conditions then were vastly different from what they are today. The phonograph record industry was still in its infancy in the early 1900's. Record manufacturers were concerned not with such questions as whether the "compact 33" would finally make the 45 r.p.m. speed obsolete or

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1. Copyright Act § 1(e), 17 U.S.C. § 1 (e) (1958).

2. Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657 (2d Cir. 1955).

3. White-Smith Music Publishing Co. v. Apollo Co., 209 U.S. 1, 17-18 (1908) (dictum).

4. Shapiro, Bernstein & Co. v. Goody, 248 F.2d 260 (2d Cir. 1957), *cert. denied*, 355 U.S. 952 (1958); BALL, COPYRIGHT AND LITERARY PROPERTY §§ 211-12 (1944).

5. Act of Mar. 4, 1909, ch. 320, 35 Stat. 1075.

whether stereo would completely replace monophonic recording, but rather with the question of whether the flat disk record invented by Emil Berliner would replace the more familiar cylinder record of Thomas A. Edison.<sup>6</sup>

Meanwhile, a device that is almost forgotten today—the player piano roll—remained a highly popular mechanical means for the reproduction of music.<sup>7</sup> In 1908, a test case was pending in the Supreme Court of the United States to settle the question of whether the manufacture and sale of a perforated paper roll constituted an infringement of the copyrighted musical composition that it would reproduce when inserted in a properly operated player piano. The Supreme Court held<sup>8</sup> (1) that only a copy of a musical work could infringe; (2) that a copy properly was defined as “a written or printed record . . . in intelligible notation”;<sup>9</sup> and (3) that a piano roll therefore was not an infringement under the law as it then stood. As a result of this decision, the piano roll manufacturers were free to use copyrighted music without having to pay any royalties. There was no need for them to deal with the music publishers at all. It seemed clear that the same principle applied to the infant phonograph record industry, for the grooves of a phonograph record a fortiori are unintelligible as compared with the perforations in a player piano roll.

Composers and publishers of music took steps to ensure that this situation would not continue under the revised copyright act on which Congress was working at the time. The new law was enacted on March 4, 1909<sup>10</sup> and became effective on July 1 of that year.

## II.

Section 1 of the Act of 1909<sup>11</sup> enumerates, in a series of subparagraphs, the specific exclusive rights that attach to each of the various types of works which are subject to copyright. Section 1(e) grants to the proprietor of the copyright in a musical composition the exclusive right to perform it publicly for profit. At that point, Congress inserted some additional language, establishing the right “to make any arrangement or setting of it . . . in any system of notation or *any form of record* in which the thought of an author may be recorded and from which it may be read *or reproduced* . . .” (Emphasis added.) This provision gives the copyright proprietor control over recordings of a musical work, because an unauthorized recording would be an infringement of one of the copyright owner’s exclusive rights in the musical composition. However, the new law did not make records

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6. GELATT, *THE FABULOUS PHONOGRAPH* 58-68, 158-71 (1955).

7. There is still a small but active business in player piano rolls at the present time. See, e.g., *New Yorker*, April 15, 1961, p. 62 (advertisement).

8. *White-Smith Music Publishing Co. v. Apollo Co.*, 209 U.S. 1 (1908).

9. *Id.* at 17.

10. Act of Mar. 4, 1909, ch. 320, 35 Stat. 1075.

11. 17 U.S.C. § 1 (1953).

themselves the subject of an independent copyright. This was deliberate—Congress did not intend to extend copyright protection to piano rolls, phonograph records, or other mechanical devices.<sup>12</sup> They were considered merely parts of the reproducing instruments that were equipped to play the music mechanically and thus make the recorded performance audible. The omission of any copyright in the records themselves is not as unusual as it might appear. For example, the uncensored performance of a copyrighted dramatic work clearly is an infringement,<sup>13</sup> but a dramatic performance itself is not copyrightable.<sup>14</sup> Presumably, some doubt was felt about the constitutionality of providing for copyright in devices that the Supreme Court had said were not copies.<sup>15</sup>

Congress was not satisfied simply to grant the mechanical reproduction right in music to copyright owners. While the new copyright bill was under consideration, information came to light that the Aeolian Company, the largest by far of all the piano roll manufacturers, had entered into long-term contracts with eighty leading music publishers for the exclusive piano roll rights in their entire catalogues of copyrighted compositions.<sup>16</sup> Fears were expressed about the creation of gigantic musical monopolies in the piano roll and phonograph record industries, with the leading manufacturers tying up the sources of musical material and thus making it impossible for others to exist in the recording field.<sup>17</sup> To meet these fears, Congress devised the so-called compulsory license clause, which was inserted as another addendum to section 1(e).

The basic portion of the compulsory license clause reads as follows:

[A]s a condition of extending the copyright control to . . . mechanical reproductions, . . . whenever the owner of a musical copyright has *used* or *permitted* or *knowingly acquiesced* in the use of the copyrighted work upon the parts of instruments serving to reproduce mechanically the musical work, *any other person* may make *similar* use of the copyrighted work upon the payment to the copyright proprietor of a royalty of 2 cents on each such part manufactured . . . .  
(Emphasis added.)

12. H.R. REP. NO. 2222, 60TH CONG., 2D SESS. 7-9 (1909) [hereinafter cited as 1909 REPORT], reprinted in HOWELL, *THE COPYRIGHT LAW* 253, 260-63 (3d ed. 1952) [hereinafter cited as HOWELL].

13. 17 U.S.C. § 1(d) (1958).

14. Not being a "writing," a dramatic performance falls outside the statute, 17 U.S.C. § 4 (1958), and the constitutional grant of congressional power. U.S. CONST. art. I, § 8, cl. 8.

15. Ringer, *Copyright Law Revision Study No. 26, Unauthorized Duplication of Sound Recordings* 4-5, in STAFF OF SENATE COMM. ON THE JUDICIARY, 86TH CONG., 2D SESS., *STUDIES PREPARED FOR THE SUBCOMM. ON PATENTS, TRADEMARKS, AND COPYRIGHTS*, studies 26-28 (Comm. Print 1961) [hereinafter cited as Ringer].

16. 1909 REPORT 7-8, reprinted in HOWELL 253, 261; Henn, *Copyright Law Revision Study No. 5, Compulsory License Provisions of the U.S. Copyright Law* 11-12, in STAFF OF SENATE COMM. ON THE JUDICIARY, 86TH CONG., 1ST SESS., *STUDIES PREPARED FOR THE SUBCOMM. ON PATENTS, TRADEMARKS, AND COPYRIGHTS*, studies 5-6 (Comm. Print 1960).

17. *Ibid.*

Accordingly, no phonograph record manufacturer—or piano roll manufacturer—can be given the *exclusive* right to record a given musical composition. Any competitor has the absolute right to issue a recording of the same composition, subject to the payment of the statutory royalty.<sup>18</sup> The statute also prescribes certain formalities to be followed by a manufacturer who wishes to invoke the compulsory license clause,<sup>19</sup> but these rarely are carried out in practice. Both the music publisher and the record manufacturer know that the publisher cannot prevent subsequent recordings because of the compulsory license clause. As a result, the record manufacturer ordinarily goes ahead with the release of his record and then requests a license from the publisher, who generally issues it as a matter of routine. If for some reason the publisher fails to do so, the manufacturer can use the procedure spelled out in the compulsory license clause to protect himself from a claim of infringement; provided, of course, that he pays the prescribed two-cent royalty.

This leads to the question of when the compulsory license clause goes into effect. Although the act has been on the books for more than half a century, this is one of the numerous questions of construction that still remain unanswered. The statute says that any other person may make similar use of the copyrighted work whenever the copyright proprietor has “permitted” or “knowingly acquiesced” in its use by others for mechanical reproduction purposes. Clearly, if a license is granted to a record manufacturer, the use of the musical work has been “permitted.” But acquiescence is a little more difficult to identify and define. When a publisher submits a copy of a new musical composition to a record company—or even to a recording artist—it is either expressly stated or at least clearly implied that the music publisher hopes the work will be recorded. Perhaps knowing acquiescence starts at the point when the music is submitted for consideration, so that the compulsory license clause could be invoked immediately by a competing record manufacturer.

Because of the compulsory license provision, it may be futile for a music publisher to attempt to fix a release date for phonograph records of a new piece of music. The publisher no doubt could sign an agreement with one record company granting a mechanical license and providing that the record

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18. The two-cent royalty rate in the compulsory license clause acts as a ceiling in any negotiations for mechanical license royalties. It has been argued that the two-cent rate has become obsolete, and proponents of this view cite the drop in the value of the dollar since 1909. However, it has been pointed out that, in terms of playing time, the dollar buys more music on a phonograph record today than it did in 1909; and the quality of the recording has been vastly improved. Furthermore, the record industry has expanded enormously in terms of units sold since 1909, so that total mechanical royalty payments to copyright proprietors are far in excess of anything dreamt of in 1909. It may be noted, also, that the mechanical royalty remains a significant component in the manufacturer's cost of producing a record. See the comments of Ernest S. Meyers in Henn, *supra* note 16, at 77, 79-80.

19. 17 U.S.C. §§ 1(e), 101(e) (1958).

would not be placed on public sale until a specified date. The restriction would be binding upon that particular record company as a matter of contract. But suppose another record manufacturer learned that the work had been recorded, and invoked the compulsory license clause? Did the release date restriction prevent the compulsory license provision from taking effect immediately when permission was granted by the music publisher for the first recording? This question has not been litigated and the answer is unclear. Music publishers from time to time do impose restrictions of this nature, and sometimes the whole recording industry obeys them. But on other occasions the restriction has been ignored—a practice known in the vernacular of the industry as “jumping the release date.” Music publishers have threatened to sue under such circumstances, but the question seems never to have been adjudicated.

The right to record under the compulsory license provision would be meaningless unless the competing manufacturer had some way of learning about its availability. Congress was concerned with this problem, and another part of section 1(e) specifically makes it “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.*” (Emphasis added.) There is a very severe penalty for overlooking this requirement. Section 1(e) goes on to say that “any failure to file such notice shall be a *complete defense* to any . . . action . . . for any infringement of such copyright.” (Emphasis added.)

The proper interpretation of this language has been clarified by a very recent decision. The United States District Court for the Southern District of New York had held that failure to file a notice of use at the time of the first recording was a complete bar to the collection of any phonograph record royalties, and that this could not be rectified by filing at a later date.<sup>20</sup> Even a new recording made deliberately and with full knowledge *after* the filing of the notice of use by the copyright proprietor would be exempt from royalty under the district court’s view of the law. However, the court of appeals considered this too drastic a punishment and reversed, holding that the copyright proprietor could recover for all acts of infringement that occurred subsequent to the filing.<sup>21</sup>

There are some works that are not subject to the compulsory license clause at all. Of course, works in the public domain can be used for recording or any other purpose—they are not protected by copyright in any way. But there is another category: works that are in copyright for other purposes but are not affected by the compulsory license clause.

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20. *Norbay Music, Inc. v. King Records, Inc.*, 185 F. Supp. 253 (S.D.N.Y. 1960).

21. *Norbay Music, Inc. v. King Records, Inc.*, 290 F.2d 617 (2d Cir. 1961); *cf.* *Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30 (1939).

Several types of works fall into this category. To begin with, section 1(e) applies only to musical compositions. There are various other kinds of copyrightable works that are suitable for recording: dramatic works, dramatico-musical works and nondramatic literary works. The copyright proprietors of these works also possess mechanical recording rights,<sup>22</sup> but they are at liberty to grant exclusive mechanical licenses if they wish to do so. For example, recording licenses for so-called show albums of some musical plays are carefully drawn under section 1(d) rather than section 1(e). Section 1(d) applies to all dramatic works and it provides, among other things, for the exclusive right "to procure the making of any transcription or record thereof." If the copyright owner is correct in his analysis of what he is granting, this is an effective way of preventing the issuance of recordings of individual compositions from the production until after the show album has had an opportunity to establish itself on the market. The right to record the dramatic work can be exclusive; the separate musical numbers that are subject to the compulsory license provision can be released for recording purposes at a later date. Once again, there is an open question here: When does a show album cease being a dramatic work and become just a collection of individual musical compositions? There is no decision on the point.

The copyright in nondramatic literary works (stories, poems and the like) did not include a recording right until 1953, when one of the few amendments ever made to the Act of 1909 went into effect.<sup>23</sup> The spoken word has taken on a considerable degree of commercial importance in the phonograph record industry in recent years. This kind of material clearly can be the subject of an exclusive recording license. There is no possibility of it being affected by the compulsory license clause, because no music is involved.

There is another group of works which in a different sense is not subject to the compulsory license clause. These are the musical compositions which are exempt from the payment of any mechanical royalty because no recording right exists in them, although they are protected by copyright in other respects. A phonograph record manufacturer may use works in this category without a license—compulsory or otherwise—because records of these works are not infringements. They are referred to as "mechanically free."

Section 1(e) by its terms applies only to "compositions published and copyrighted after July 1, 1909," so that any music published<sup>24</sup> on or before that date necessarily is mechanically free. By now, all such music either has fallen into the public domain or is in its renewal period. Since a copy-

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22. 17 U.S.C. §§ 1(c), (d) (1958).

23. Act of July 17, 1952, ch. 923, 66 Stat. 752, amending 17 U.S.C. § 1(c).

24. Or deposited for copyright as an unpublished work under Copyright Act § 12, 17 U.S.C. § 12 (1958). *Shilkret v. Musicraft Records, Inc.*, 131 F.2d 929 (1st Cir. 1942), *cert. denied*, 319 U.S. 742 (1943).

right renewal creates a new estate,<sup>25</sup> it might be thought that renewal under the Act of 1909 would include control over mechanical reproduction. However, this question has been litigated and the court held that any work originally copyrighted prior to July 1, 1909 remains mechanically free.<sup>26</sup> The total copyright term plus renewal equals 56 years,<sup>27</sup> so that the oldest musical compositions affected by this principle will fall into the public domain on June 30, 1965; and the point of law thereupon will become obsolete. In the meantime, a steadily diminishing—but still important—body of musical literature remains in this strange category.<sup>28</sup> The publisher can collect performing fees, for example, because the work is still in copyright, but cannot collect mechanical royalties.

If the musical composition is of foreign origin, it must meet still another requirement. Section 1(e) does not grant mechanical rights in the works of a foreign author or composer “unless the foreign state or nation of which such author or composer is a citizen . . . grants . . . to citizens of the United States similar rights.” The existence of this special kind of reciprocity must be reflected in a presidential proclamation that refers specifically to the rights granted under section 1(e);<sup>29</sup> anyone concerned with the status of foreign music in the United States thus finds it necessary to consult these proclamations. A work first published in a foreign country prior to the proclamation date is mechanically free in the United States. The Universal Copyright Convention has suspended this rule with respect to those countries which have become signatories,<sup>30</sup> but the Convention has no retroactive effect<sup>31</sup> and the proclamation dates thus will retain their importance for many years to come.

When the compulsory license clause is invoked, what rights has the copyright proprietor involuntarily granted? Section 1(e) states that “any other person may make similar use of the copyrighted work upon the payment to the copyright proprietor of a royalty of 2 cents on each such part . . . .” The expression “similar use” has been the topic of a good deal of speculation. For example, if the copyright proprietor permits the use of the work

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25. *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951).

26. *Edward B. Marks Music Corp. v. Continental Record Co.*, 222 F.2d 488 (2d Cir.), *cert. denied*, 350 U.S. 861 (1955).

27. 17 U.S.C. § 24 (1958).

28. Some of the composers writing during the period in question were Victor Herbert, John Philip Sousa and George M. Cohan. “School Days” dates from 1907. “Take Me Out to the Ball Game” and “Shine On, Harvest Moon” both came out in 1908. See generally SPAETH, *HISTORY OF POPULAR MUSIC IN AMERICA* ch. 8 (1948) (“The Turn of the Century”).

29. 17 U.S.C. § 9(b) (1958); *Todamerica Musica, Ltda. v. Radio Corp. of America*, 171 F.2d 369 (2d Cir. 1948).

30. See Universal Copyright Convention, Sept. 6, 1952, art. II [1955] U.S.T. & O.I.A. 2731, 2733-34, T.I.A.S. No. 3324 (effective Sept. 16, 1955).

31. See Universal Copyright Convention, Sept. 6, 1952, art. VII [1955] U.S.T. & O.I.A. 2731, 2740, T.I.A.S. No. 3324 (effective Sept. 16, 1955).

on phonograph records, does that release it for tape recording purposes also? Or, if the copyright proprietor issues a license covering a phonograph record of a two-piano arrangement of a musical composition, does that permit another record manufacturer to record a full orchestral version? There are many possible variations on this theme. Suppose an instrumental recording of a popular song is licensed, does that release the lyrics so that a vocalist can perform under the protection of the compulsory license clause?<sup>32</sup> And would it make any difference for this purpose if the music publisher had secured separate copyrights on both an instrumental and a vocal version of the song, but filed a notice of use on the instrumental version only?

There is very little authoritative information about the rights of the copyright proprietor or the phonograph record manufacturer in situations like these. It has been said that a compulsory licensee is permitted some latitude in preparing his own adaptation of the composition for recording purposes,<sup>33</sup> but this generalization is not very helpful. In practice, the latitude is very wide. Music publishers do not seem at all anxious to restrict the freedom of record manufacturers to adapt the work in whatever way they think best for the particular artists they are planning to use. It has been held specifically that a license to reproduce music on a piano roll does not carry with it the right to print the lyrics of the song for the convenience of the purchaser of the roll.<sup>34</sup> But this is not really a question under the compulsory license clause. The right to print words is not covered by section 1(e); it must be acquired separately by means of a license under section 1(a).<sup>35</sup>

Perhaps it should be pointed out that section 1(e) does not give the compulsory licensee the right to re-record the first manufacturer's recording<sup>36</sup>—a process the industry calls "dubbing." Anyone who wants to rely on the compulsory license clause must hire some musicians, take them into a studio, and make his own recording. Under *Supreme Records, Inc. v. Decca Records, Inc.*,<sup>37</sup> the style and sound of the particular arrangement of a work recorded by one phonograph record manufacturer can be imitated by a competitor on a so-called "mirror record" with impunity. In the cited

32. See SHAFER, *MUSICAL COPYRIGHT* 335 (2d ed. 1939); cf. *G. Ricordi & Co. v. Columbia Graphophone Co.*, 263 Fed. 354 (2d Cir. 1920).

33. *Edward B. Marks Music Corp. v. Foulton*, 79 F. Supp. 664, 667 (S.D.N.Y. 1948), *aff'd*, 171 F.2d 905 (2d Cir. 1949).

34. *Standard Music Roll Co. v. F. A. Mills, Inc.*, 241 Fed. 360 (3d Cir. 1917).

35. *But cf.* 2 LADAS, *INTERNATIONAL PROTECTION OF LITERARY AND ARTISTIC PROPERTY* 791 (1938), relying upon dictum in *Standard Music Roll Co. v. F. A. Mills, Inc.*, 241 Fed. 360, 363 (3d Cir. 1917). It is believed that the cited case did not mean to suggest that the compulsory license clause extended to the reproduction of lyrics in printed form.

36. Cf. *Aeolian Co. v. Royal Music Roll Co.*, 196 Fed. 926 (W.D.N.Y. 1912).

37. 90 F. Supp. 904 (S.D. Cal. 1950). See also *Glory Records, Inc. v. Radio Corp. of America*, 213 N.Y.S.2d 875 (Sup. Ct. 1961).

case, however, Judge Yankwich left open the possibility of equitable relief for the first manufacturer if his recording possessed "a distinctive characteristic, aside from the composition itself, of such character that any person hearing it played would become aware of the distinctiveness of the arrangement."<sup>38</sup>

Now let us suppose that the musical work which has been recorded is unpublished and uncopyrighted. From the proprietor's standpoint, it is perfectly safe to perform such a work publicly, because performance of a musical composition does not constitute publication,<sup>39</sup> and performing an unpublished work therefore does not throw it into the public domain. It also is clear that a mechanical reproduction is not a copy of the musical composition embodied in it; the Supreme Court decided that in 1908.<sup>40</sup> There should be no reason, then, to be concerned about inadvertently publishing the musical work by selling phonograph records of it. That was the general opinion in the music industry until a federal district judge stated otherwise. Judge Igoe in *Shapiro, Bernstein & Co. v. Miracle Record Co.*<sup>41</sup> expressed the view that the sale of an unpublished musical work in the form of phonograph records was a publication and therefore threw the work into the public domain.<sup>42</sup>

The rule of the *Miracle Record* case creates very difficult practical problems because the phonograph record manufacturer cannot do anything to avoid it.<sup>43</sup> There is no provision for putting a copyright notice on phonograph records, and they are not acceptable as "copies" for deposit in the Copyright Office.<sup>44</sup> Accordingly, the musical composition is irretrievably lost if its first public appearance is in the form of a phonograph record. This ruling seems so illogical that, by and large, neither the music publishers nor the record manufacturers pay any attention to it in the normal conduct of their businesses. However, this is a dangerous practice, for it would be too much to expect any defendant not to raise the issue in an infringement suit if the facts supported it. And there now are two additional cases to the same effect.<sup>45</sup>

38. *Supreme Records, Inc. v. Decca Records, Inc.*, *supra* note 37, at 908. (Italics in original omitted.)

39. *McCarthy & Fischer, Inc. v. White*, 259 Fed. 364 (S.D.N.Y. 1919); *Waring v. Dunlea*, 26 F. Supp. 338, 340 (E.D.N.C. 1939) (dictum); SHAFER, *MUSICAL COPYRIGHT* 130-31 (2d ed. 1939); *cf.* *Ferris v. Frohman*, 233 U.S. 424 (1912).

40. *White-Smith Music Publishing Co. v. Apollo Co.*, 209 U.S. 1 (1908).

41. 91 F. Supp. 473 (N.D. Ill. 1950).

42. *Id.* at 475 (dictum, since Judge Igoe found that the plaintiff's work had not been infringed).

43. See generally McDonald, *Law of Broadcasting*, in 7 *COPYRIGHT PROBLEMS ANALYZED* 31, 45-46 (C.C.H. 1952); Burton, *Business Practices in the Copyright Field*, *id.* at 87, 102-04.

44. 37 C.F.R. § 202.8(b) (1960).

45. *McIntyre v. Double-A Music Corp.*, 166 F. Supp. 681, 682-83 (S.D. Cal. 1958) (dictum); *Mills Music, Inc. v. Cromwell Music, Inc.*, 126 F. Supp. 54, 69-70 (S.D.N.Y. 1954) (dictum). *But cf.* *Yacoubian v. Carroll*, 74 U.S.P.Q. 257 (S.D. Cal. 1947).

The music publisher can protect himself against the dire results of the *Miracle Record* rule by securing copyright in the musical composition as an unpublished work under section 12<sup>46</sup> of the act. One question raised by this case is whether the music publisher should be forced to take such a step as a condition to having the work recorded. Another question is whether this protection always will be available to the publisher. Today, music can be created directly in the form of magnetic tape; and some so-called "musique concrète" and electronic music are incapable of being expressed in any known form of written notation.<sup>47</sup> If the decision in the *Miracle Record* case is correct, music of this type cannot be reproduced and sold in the form of phonograph records (or duplicate "pre-recorded tapes") without throwing it into the public domain.

The final sentence of section 1(e) introduces another complication. It reads:

The reproduction or rendition of a musical composition by or upon coin-operated machines shall not be deemed a public performance for profit unless a fee is charged for admission to the place where such reproduction or rendition occurs.

There is a widespread feeling that this provision is an anachronism which ought to be removed from the statute.<sup>48</sup> In 1909, when the act was passed, Congress was concerned primarily with the so-called "penny parlor,"<sup>49</sup> where it was possible for an individual to listen to a cylindrical phonograph record through ear-pieces like those of a doctor's stethoscope by depositing a one-cent piece in his choice of a large bank of machines. At the time, the mechanical player piano also fit the definition of a coin-operated machine. Today, these devices have been superseded by the juke-box, a contraption that probably was far beyond the imagination of the Congressmen who enacted section 1(e).

The trouble with the juke-box exemption (as this provision is now known) is that it is discriminatory. When music is played in a restaurant or dance-hall by means of a phonograph record in a juke-box, no payment for the right of performance is made. But if that same music is played in the same location by a live orchestra,<sup>50</sup> by wired music<sup>51</sup> or even by a radio receiver,<sup>52</sup> the rendition is a public performance for profit for which

46. 17 U.S.C. § 12 (1958).

47. See generally KAPLAN & BROWN, *CASES ON COPYRIGHT* 86 (1960); Renauld, *Concrete Music, Electronic Music, and Copyright*, translated from Inter-Auteurs, No. 131, 2d Trimester 1958, pp. 42-47, distributed to sustaining members and sustaining subscribers by the Copyright Society of the U.S.A. (1958).

48. See generally S. REP. NO. 2414, 85th Cong., 2d Sess. (1958).

49. 1909 REPORT 9, reprinted in HOWELL 263.

50. *Herbert v. Shanley Co.*, 242 U.S. 591 (1917).

51. *Leo Feist, Inc. v. Lew Tendler Tavern, Inc.*, 267 F.2d 494 (3d Cir. 1959).

52. *Buck v. Jewell-LaSalle Realty Co.*, 283 U.S. 191 (1931); *Society of European Stage Authors & Composers, Inc. v. New York Hotel Statler Co.*, 19 F. Supp. 1 (S.D.N.Y. 1937).

compensation must be paid. Accordingly, efforts have been going on for some time to eliminate this exemption from the statute.

### III.

A phonograph record, though not a copy of a musical composition, can be an infringement of the copyright in a musical composition.<sup>53</sup> Indeed, each person who takes part in the manufacturing and distributing function is independently liable as an infringer, including, for example, the independent contractor who merely performs the mechanical processes of manufacturing the record<sup>54</sup> and the retailer who merely sells it to the public.<sup>55</sup> Infringement is outside the scope of this article and it should be noted only that there is a special rule of damages for phonograph record infringements. The act provides that recovery shall be at the statutory royalty rate of two cents per record; and, as to the infringing manufacturer, the court has discretion to add a further sum up to three times the amount of the royalty, *i.e.*, an additional six cents.<sup>56</sup> Therefore, the maximum amount recoverable in an aggravated case is at the rate of eight cents per infringing record.<sup>57</sup>

Let us turn now to the question of how a phonograph record can be protected against infringement. It should be borne in mind that we are considering the recorded performance itself, not (as in the preceding paragraph) the musical work embodied in the record. It was stated at the outset that a phonograph record is not covered by the Copyright Act. It also has been noted that a record manufacturer cannot protect the style of his performance against copying by another. But does the producer of a record have any protectible rights in the actual recording itself, *i.e.*, the particular performance that his artists put on tape that was then transferred to phonograph records?

It is generally assumed today that the answer is in the affirmative, so that a phonograph record manufacturer at least can stop the unauthorized duplication of his recordings. The basis for this result is not copyright; it is to be found primarily in the law of unfair competition and, more specifically, in the doctrine of misappropriation, sometimes referred to as the "free ride" doctrine.<sup>58</sup> The theory is that it would be unfair to permit anyone to get

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53. 17 U.S.C. § 1(e) (1958).

54. *Reeve Music Co. v. Crest Records, Inc.*, 285 F.2d 546 (2d Cir. 1960).

55. *Shapiro, Bernstein & Co. v. Goody*, 248 F.2d 260 (2d Cir. 1957), *cert. denied*, 355 U.S. 952 (1958); *Harms, Inc. v. F. W. Woolworth Co.*, 163 F. Supp. 484 (S.D. Cal. 1958).

56. 17 U.S.C. § 101(e) (1958); see *Shapiro, Bernstein & Co. v. Goody*, 248 F.2d 260 (2d Cir. 1957), *cert. denied*, 355 U.S. 952 (1958).

57. *Shapiro, Bernstein & Co. v. Remington Records, Inc.*, 265 F.2d 263 (2d Cir. 1959); *Miller v. Goody*, 125 F. Supp. 348 (S.D.N.Y. 1954).

58. *Desclee & Cie. v. Nemmers*, 190 F. Supp. 381, 386 (E.D. Wis. 1961); *Developments in the Law—Unfair Competition—1932*, 46 HARV. L. REV. 1171, 1173-75 (1933).

the benefit of the record manufacturer's expenditure of time, skill and money—all of which are represented by the finished recording—merely by dubbing the record and selling copies of it in competition with the original manufacturer. Some courts have talked alternatively in terms of a common-law copyright in the recorded performance,<sup>59</sup> but this seems a more difficult theory to rely on because it involves the concept of a common-law copyright that survives publication, *i.e.*, putting the record on public sale.

As stated above, it is generally assumed that a record manufacturer has protectible rights in his recording. When the authorities are examined critically, however, they turn out to be pitifully small in number and none of the cases really deals clearly and specifically with the basic point of just what the record manufacturer's rights are and how far they may be protected. In addition, whatever rights do exist must be found in the common law of the individual states and most of the states never have passed on the question.

A brief review of the leading cases will provide some idea of the condition of the law on this important point. They will be discussed in chronological order since that obviously is the way in which the law has developed.

The first case, and the only one which actually passed on the legality of dubbing phonograph records, is *Fonotipia Limited v. Bradley*,<sup>60</sup> a decision of the old Federal Circuit Court for the Eastern District of New York in 1909. The plaintiff was granted an injunction against dubbing on broad general principles of unfair competition. The court's approach was ahead of its time; the *Fonotipia* case came even earlier than the decision of the United States Supreme Court in *International News Service v. Associated Press*,<sup>61</sup> which is generally considered to be the starting point for the entire misappropriation theory in unfair competition law. However, there is a striking error in the *Fonotipia* opinion which some commentators feel seriously invalidates its reasoning.<sup>62</sup> The judge was under the misapprehension that the new Copyright Act of 1909, which had just been passed, provided for a copyright in recorded performances,<sup>63</sup> which of course was not so. He expressed his concern over the inability of phonograph record companies to protect their ownership of recordings by great artists which had been made prior to the effective date of the Copyright Act of 1909, and

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59. See, *e.g.*, *Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1951); *Waring v. WDAS Broadcasting Station, Inc.*, 327 Pa. 433, 194 Atl. 631 (1937).

60. 171 Fed. 951 (C.C.E.D.N.Y. 1909). *Cf.* *Victor Talking Mach. Co. v. Armstrong*, 132 Fed. 711, 712 (C.C.S.D.N.Y. 1904), where the court noted this "novel and interesting question" but found no need to discuss it.

61. 248 U.S. 215 (1918).

62. Ringer 5. See also HOMBURG, LEGAL RIGHTS OF PERFORMING ARTISTS 143-45 (Speiser's addendum 1934).

63. *Fonotipia Limited v. Bradley*, *supra* note 60, at 963.

the decision may have been influenced by his misunderstanding of the statute.

The *Fonotipia* case stood alone for many years. Apparently nobody found it necessary to litigate any similar issue. In the middle 1930's, however, considerable irritation developed over the use of phonograph records as substitutes for live musicians for radio broadcast purposes and an organization called the National Association of Performing Artists deliberately started some test cases. Fred Waring was the spearhead of this group and it was specially arranged that he, as the orchestra leader, would reserve in his phonograph record contracts whatever legal rights might exist in the recorded performances of the orchestra.

Waring then brought an action in the state courts of Pennsylvania to enjoin the unauthorized broadcasting of commercial phonograph records embodying his orchestra's performances. In 1937, the Supreme Court of Pennsylvania decided that Waring did have protectible rights in the performances, and radio station WDAS was enjoined from broadcasting the records without his consent.<sup>64</sup>

Waring also was the plaintiff when a similar result was reached in a federal district court in North Carolina in 1939.<sup>65</sup> Apparently this campaign was a bit too successful, because North Carolina, South Carolina and Florida all proceeded to pass statutes specifically abolishing any common law rights in recorded performances that might otherwise have survived the sale of the phonograph record.<sup>66</sup>

The next case was *RCA Mfg. Co. v. Whiteman*,<sup>67</sup> decided by the United States Court of Appeals for the Second Circuit in 1940. This action also was an attack on unauthorized broadcasting of phonograph records. The Second Circuit decided that the public sale of the record destroyed any rights that the performer or the record manufacturer might have in the recorded performance. Accordingly, the complaint was dismissed; the United States Supreme Court denied certiorari.

Although *Waring v. WDAS* remains on the books in Pennsylvania, it is the *Whiteman* case that has had the most influence as a practical matter. No attempts ever have been made to set up a licensing system to collect fees for the performance of phonograph records on the air in the State of Pennsylvania or any other state.

In 1950, the Metropolitan Opera Association brought an action in the New York State courts and Columbia Records joined as a plaintiff. The defendant had made off-the-air tape recordings of live radio broadcasts by the Metropolitan Opera Association and produced phonograph records from

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64. *Waring v. WDAS Broadcasting Station, Inc.*, 327 Pa. 433, 194 Atl. 631 (1937).

65. *Waring v. Dunlea*, 26 F. Supp. 338 (E.D.N.C. 1939).

66. FLA. STAT. §§ 543.02-.03 (1959); N.C. GEN. STAT. § 66-28 (1960); S.C. CODE § 66-101 (1952).

67. 114 F.2d 86 (2d Cir.), cert. denied, 311 U.S. 712 (1940).

those tapes. The Metropolitan Opera Association had an exclusive recording contract with Columbia Records and two of the operas involved actually had been recorded by Columbia and sold in that form.

The New York court held that the rights of the recording artists and the record manufacturer both had been invaded and granted an injunction.<sup>68</sup> The decision was affirmed on appeal in 1951<sup>69</sup> and this case has become one of the leading authorities in the general area of unfair competition by misappropriation.

In 1951, the same year that the *Metropolitan Opera* off-the-air decision was affirmed, the case of *Granz v. Harris*<sup>70</sup> was decided by the United States District Court for the Southern District of New York. That litigation involved an attempt by Norman Granz, the "Jazz-at-the-Philharmonic" impresario, to control the way in which the master recordings of certain jazz concerts were used by his own assignee. Specifically, Granz was complaining about the fact that his twelve-inch 78 r.p.m. records had been edited down to ten-inch size and, subsequently, after the introduction of the 33 $\frac{1}{3}$  r.p.m. speed, had been re-recorded and released as long-playing records. The federal court held that any property right Granz might have had in the recordings was lost when he sold the masters. The court cited *RCA Mfg. Co. v. Whiteman* as its authority for this proposition, making no distinction between the placing of a phonograph record on general sale to the public and a contract dealing with rights in the master recording itself.

This decision was approved on appeal by the Second Circuit in 1952.<sup>71</sup> Strangely enough, a footnote to the opinion of the court of appeals includes a citation of the *Metropolitan Opera* off-the-air case on a different point of law.<sup>72</sup> The opinion does not discuss the *Metropolitan Opera* case at all in connection with the basic issue of protectible rights in recordings.

Also in 1952, the Second Circuit Court of Appeals decided the case of *G. Ricordi & Co. v. Haendler*.<sup>73</sup> That action involved an attempt to protect the plaintiff's investment in the hand-engraved plates of an operatic score. The copyright in the opera itself had expired and the defendant reproduced the score by a photo-offset process. The plaintiff took the position that this was misappropriation and constituted unfair competition. The Second

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68. *Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950).

69. *Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp.*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1951).

70. 98 F. Supp. 906 (S.D.N.Y. 1951), *aff'd in part and rev'd in part on other grounds*, 198 F.2d 585 (2d Cir. 1952).

71. *Granz v. Harris*, 198 F.2d 585 (2d Cir. 1952). However, as to the ten-inch records, the court of appeals held that the plaintiff might be entitled to an injunction to prevent a representation attributing the abridged music to the plaintiff. The court remanded for a finding on the issue of whether there had been a waiver of this cause of action.

72. *Id.* at 588 n.6.

73. 194 F.2d 914 (2d Cir. 1952).

Circuit disagreed. The court held that since the copyright on the basic work had expired, there was no intangible right left in the printing plates to be protected. This case obviously did not involve phonograph records as such. The reason for mentioning it here is that, at the very end of the opinion,<sup>74</sup> the Second Circuit said that it was overruling *Fonotipia Limited v. Bradley*,<sup>75</sup> the dubbing case with which this discussion started.

In 1955, the Second Circuit decided *Capitol Records, Inc. v. Mercury Records Corp.*<sup>76</sup> This case dealt with rights in master recordings. The defendant had secured from a third party copies of the same masters that the plaintiff was licensed exclusively to use in the United States. This time the Second Circuit applied New York State law. The court analyzed the *Metropolitan Opera* off-the-air case to the extent of citing portions of the record on appeal which never were mentioned in the New York State court opinions, and held that there were protectible rights in recorded performances that were not lost by putting the phonograph records on sale. Accordingly, the defendant was enjoined.

Finally, the most recent case is another New York State decision entitled *Giesecking v. Urania Records, Inc.*,<sup>77</sup> decided in 1956. The facts there were very similar to those in the *Metropolitan Opera* case. Tape recordings of radio broadcasts of performances by the virtuoso pianist Walter Giesecking had been taken off the air and used for the production of phonograph records. The decision was on a motion to dismiss the complaint and the plaintiff was upheld. The New York State court cited both *Metropolitan Opera* and *Capitol Records* and wrote, among other things: "The originator or his assignee of records of performances of an artist does not, by putting such records on public sale, dedicate the right to copy or sell the record."<sup>78</sup>

Although it is not immediately apparent, there is one consistent position that has been maintained throughout this entire series of cases: the position of Judge Learned Hand. He wrote the decision in *RCA Mfg. Co. v. Whiteman*; he dissented in *Capitol v. Mercury*; and he wrote the decision in *Ricordi v. Haendler* which overruled *Fonotipia v. Bradley*.<sup>79</sup> The late Judge Hand made it clear that he was very much concerned about the possibility that recognizing intangible property rights in cases of this sort would have the effect of granting a perpetual monopoly, which is even more than the Copyright Act itself can provide. His view appears to have been that any property right which ever was, or ever could be, the subject of statutory copyright must be evaluated under federal law. This explains Judge Hand's emphasis on dedication of the property right by public sale of the record

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74. *Id.* at 916.

75. 171 Fed. 951 (C.C.E.D.N.Y. 1909).

76. 221 F.2d 657 (2d Cir. 1955).

77. 17 Misc. 2d 1034, 155 N.Y.S.2d 171 (Sup. Ct. 1956).

78. *Id.* at 1035, 155 N.Y.S.2d at 172-73.

79. He did not participate in *Granz v. Harris*, *supra* note 71, but his influence was persuasive there through the authority of *RCA Mfg. Co. v. Whiteman*, *supra* note 67.

in *RCA Mfg. Co. v. Whiteman*. It explains his dissent in *Capitol v. Mercury* because he felt that federal rather than New York law should apply. And it explains his position in *Ricordi v. Haendler*, where he reasoned from federal copyright law and did not apply New York State principles of unfair competition.

This rather abstruse legal topic has considerable practical significance. Dubbing is a serious commercial problem in the phonograph record industry today.<sup>80</sup> When someone transcribes a record and issues it on his own label, or uses it in a wired music service, the practice is called "piracy." When someone copies both the record and the label, and sells a product that is virtually indistinguishable from the original, the practice is called "counterfeiting." This is merely industry terminology; in both cases, the essential element of the offense is the unauthorized duplication of the recording. This is generally accomplished simply by buying an ordinary commercial phonograph record at a retail store, re-recording it on magnetic tape, and then using the tape to produce master records and finished pressings just as if it were an original tape made by live artists in the recording studio. These practices are difficult to detect and, as noted above, the manufacturer's legal tools for enforcing his rights against infringers are tenuous.<sup>81</sup> Is there any solution for this problem?

One obvious possibility is to provide for a statutory copyright in phonograph records. The mere fact of having the copyright law specifically cover phonograph records would tend to deter infringement. Many foreign countries have such provisions in their laws.<sup>82</sup> In England, for example, copyright in phonograph records has been recognized by statute since 1911.<sup>83</sup> But England and these other countries are not limited in their legislation by constitutional provisions such as we have.

#### IV.

This brings us finally to the question of whether phonograph records

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80. See, e.g., *N.Y. Times*, May 3, 1961, p. 33, col. 1; *Wall Street Journal*, April 20, 1961, p. 1, col. 4.

81. However, where record labels are imitated, there is a cause of action for passing off. See *Victor Talking Mach. Co. v. Armstrong*, 132 Fed. 711 (C.C.S.D.N.Y. 1904); cf. *Granz v. Harris*, 198 F.2d 585 (2d Cir. 1952). And there is very little doubt, despite the absence of direct authority, that dubbing would be enjoined by the courts of any state that accepts misappropriation as a basis for a cause of action.

A civil cause of action for dubbing would apparently be created by the "Lindsay Bill" to Provide Civil Remedies to Persons Damaged by Unfair Commercial Activities in or Affecting Commerce, H.R. 4590, 87th Cong., 1st Sess. (1961), originally introduced as H.R. 7833, 86th Cong., 1st Sess. (1959). A bill introduced by Congressman Celler would provide criminal penalties for interstate transportation of dubbed records or records bearing counterfeited labels. H.R. 6354, 87th Cong., 1st Sess. (1961).

82. See generally Ringer 38-44.

83. Copyright Act, 1911, 1 & 2 Geo. 5, c. 46, superseded by Copyright Act, 1956, 4 & 5 Eliz. 2, c. 74.

could constitutionally be made copyrightable in the United States. Article I, section 8, of the Constitution<sup>84</sup> is the source of the copyright power of Congress. This clause speaks in terms of "authors" and their "writings." If the Copyright Act were amended to include phonograph records, would that be within the congressional power to grant exclusive rights to "authors" in their "writings"?

The question of authorship can be disposed of fairly quickly. For the purposes of this discussion, perhaps the best analogy to the manufacture of phonograph records is the production of motion pictures. They both are enterprises involving at least some minimum degree of artistic endeavor, contributed by a number of different individuals, who typically are employed for the purpose by a corporation or other business entity. In the United States, there has been no difficulty with the concept that a company producing motion pictures is the "author" of the film in the constitutional sense,<sup>85</sup> and a company producing phonograph records similarly should be able to qualify as an "author."<sup>86</sup>

Whether or not a phonograph record is a "writing" in the constitutional sense is a much more difficult question. The word "writing" connotes something intelligible to the eye, and a phonograph record cannot fulfill that test. On one of the few occasions when the United States Supreme Court considered the scope of the term "writing," the Court said that it included a variety of methods "by which the ideas in the mind of the author are given *visible* expression."<sup>87</sup> Strictly speaking, that statement was dictum because the case dealt with photographs, which *are* intelligible to the eye; also, the decision just quoted dates back to 1884, and times certainly have changed since then. On the other hand, the Universal Copyright Convention, which went into effect only a few years ago, takes pains to define "publication" in terms of "copies of a work from which it can be *read* or otherwise visually *perceived*."<sup>88</sup>

Where does all this leave phonograph records? Will it take a constitutional amendment to cover them under the Copyright Act? Perhaps not.

There is a substantial body of opinion to the effect that a word in the

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84. "The Congress shall have Power . . . To 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."

85. This admittedly is an oversimplification, which avoids the question of whether a film producer or record manufacturer itself makes artistic contribution to the finished product. The producer of a motion picture customarily hires the screenwriter, director, designers, performers and technicians as employees, and, under the statute, becomes an "author" because it is an "employer . . . for hire." 17 U.S.C. §§ 5, 26 (1958).

86. See 17 U.S.C. § 26 (1958).

87. *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 58 (1884). (Emphasis added.)

88. Universal Copyright Convention, Sept. 6, 1952, art. VI [1955] U.S.T. & O.I.A. 2731, 2740, T.I.A.S. No. 3324 (effective Sept. 16, 1955). (Emphasis added.) See BOGSCH, UNIVERSAL COPYRIGHT CONVENTION 85-86, 88-90 (1958).

Constitution can be given a breadth of interpretation that exceeds even the meaning of the identical word when it is used in a statute.<sup>89</sup> And *Capitol Records, Inc. v. Mercury Records Corp.* in the Second Circuit in 1955 found both the majority<sup>90</sup> and the dissenting<sup>91</sup> judges in agreement on one principle: that phonograph records, although clearly not covered by the existing statute, could constitutionally be made copyrightable.<sup>92</sup> To be sure, these statements were dicta. There can be no definite conclusion until the statute is amended and the issue is tested directly in litigation. The proposed new revision of the Copyright Act may add phonograph records to the list of works eligible for copyright protection and thus create the opportunity for the courts to pass upon this crucial point of constitutional law.

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89. Chafee, *Reflections on the Law of Copyright*, 45 COLUM. L. REV. 719, 735-36 (1945), and cases cited.

90. 221 F.2d 657, 660 (2d Cir. 1955) (Dimock, D.J.).

91. *Id.* at 664 (L. Hand, J.).

92. See Kaplan, *Performer's Right and Copyright—The Capitol Records Case*, 69 HARV. L. REV. 409, 413-15 (1956).