

THE TAPE PIRACY CASES: JUDICIAL CREATION OF A FEDERAL COPYRIGHT INTEREST IN SOUND RECORDINGS*

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INTRODUCTION

Under the Copyright Act,¹ sound recordings are treated as involving two separate and distinct property interests. One is the interest of the composer in the underlying musical composition which is reproduced aurally by the recording.² The other is the interest of the

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¹ 17 U.S.C. §§ 1-215 (1970).

² *Id.* § 1 provides:

Any person entitled thereto, upon complying with the provisions of this title, shall have the exclusive right: . . .

(e) To perform the copyrighted work publicly for profit if it be a musical composition; and for the purpose of public performance for profit, and for the purposes set forth in subsection (a) hereof, to make any arrangement or setting of it or of the melody of it in any system of notation or any form of record in which the thought of any author may be recorded and from which it may be read or reproduced: *Provided*, That the provisions of this title, so far as they secure copyright controlling the parts of instruments serving to reproduce mechanically the musical work, shall include only compositions published and copyrighted after July 1, 1909 And as a condition of extending the copyright control to such mechanical reproductions, that 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, to be paid by the manufacturer thereof The payment of the royalty provided for by this section shall free the articles or devices for which such royalty has been paid from further contribution to the copyright except in case of public performance for profit. 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, accompanied by a recording fee, in the copyright office, and any failure to file such notice shall be a complete defense to any suit, action, or proceeding for any infringement of such copyright.

In case of failure of such manufacturer to pay to the copyright proprietor within thirty days after demand in writing the full sum of royalties due at said rate at the date of such demand, the court may award taxable costs to the plaintiff and a reasonable counsel fee, and the court

manufacturer in the recording itself, a derivative working of the musical composition which the Copyright Act, as amended in 1971, makes eligible for a copyright on its own merits.³ So far as recordings of his musical composition are concerned, a composer has only limited control over his property interests. Section 1(e) of the Act provides that, once a composer has licensed, either expressly or impliedly, a first use of his musical composition in sound recording, a compulsory license arises in favor of any other person who makes "similar use of the copyrighted work"⁴ provided he complies with two explicit conditions: the filing of a notice of intent to use the copyrighted composition⁵ and payment of statutory royalties.⁶ The unauthorized manufacture or "pirating" of records reproducing a copyrighted composition will subject the sound recording pirate to severe civil and criminal penalties.⁷

may, in its discretion, enter judgment therein for any sum in addition over the amount found to be due as royalty in accordance with the terms of this title, not exceeding three times such amount. . . .

³ 17 U.S.C. § 1 (Supp. III, 1973) provides:

Any person entitled thereto, upon complying with the provisions of this title, shall have the exclusive right: . . .

(f) To reproduce and distribute to the public by sale or other transfer of ownership, or by rental, lease, or lending, reproductions of the copyrighted work if it be a sound recording: *Provided*, That the exclusive right of the owner of a copyright in a sound recording to reproduce it is limited to the right to duplicate the sound recording in a tangible form that directly or indirectly recaptures the actual sounds fixed in the recording: *Provided further*, That this right does not extend to the making or duplication of another sound recording that is an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording; or to reproductions made by transmitting organizations exclusively for their own use. . . .

⁴ 17 U.S.C. § 1(e) (1970) (emphasis added).

⁵ *Id.* § 101(e) (Supp. III, 1973).

⁶ *Id.* § 1(e) (1970).

⁷ *Id.* § 101(e) (Supp. III, 1973) provides:

Interchangeable parts, such as discs or tapes for use in mechanical music-producing machines adapted to reproduce copyrighted musical works, shall be considered copies of the copyrighted musical works which they serve to reproduce mechanically for the purposes of this section 101 and sections 106 and 109 of this title, and the unauthorized manufacture, use, or sale of such interchangeable parts shall constitute an infringement of the copyrighted work rendering the infringer liable in accordance with all provisions of this title dealing with infringements of copyright and, in a case of willful infringement for profit, to criminal prosecution pursuant to section 104 of this title. Whenever any person, in the absence of a license agreement, intends to use a copyrighted musical composition upon the parts of instruments serving to reproduce mechanically the musical work, relying upon the compulsory license provision of this title, he shall serve notice of such intention, by registered mail, upon the copyright proprietor at his last address disclosed by the records of the copyright office, sending to the copyright office a duplicate of such notice.

Thus, the 1972 Sound Recording Act subjected manufacturers who failed to comply with § 1(e) as well as pirates to the civil remedies of § 101 and the criminal penalties of § 104.

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The manufacturer's property interest in the recording of the copyrighted composition, so far as federal copyright law is concerned, is limited to those recordings whose sounds were "fixed" on or after February 15, 1972, the effective date of the Sound Recording Act.⁸ Consequently, the manufacturer of a recording which was fixed prior to that date may not pursue record and tape pirates with federal sanctions. This is not to say that such a manufacturer is at the complete mercy of the pirates. In *Goldstein v. California*,⁹ the United States Supreme Court held that the states are free to regulate those categories of "Writings" which, though capable of protection under the Copyright clause of the Constitution,¹⁰ have been omitted by Congress from the federal statutory scheme.¹¹ To take full advantage of this protection, however, the recording industry is forced to establish favorable precedents¹² and statutes¹³ in fifty separate jurisdictions. Thus, manufacturers who must turn to the states for protection of their property interests do so with less certainty and more difficulty than those of their brethren who have at their disposal a simple, nation-wide remedy: the infringement provisions of the federal copyright laws.

The position of this disadvantaged group of manufacturers has recently taken a turn for the better, albeit in back-door fashion.¹⁴ A

⁸ Act of Oct. 15, 1971, Pub. L. No. 92-140, 85 Stat. 391, amending 17 U.S.C. §§ 1 et seq. Under the provisions of § 3 of the Act, its amendments of Title 17 were not effective until February 15, 1972. *Id.* § 3, 85 Stat. 392.

⁹ 412 U.S. 546 (1973).

¹⁰ U.S. CONST. art. I, § 8, cl. 8.

¹¹ 412 U.S. at 570.

¹² See, e.g., *GAI Audio of New York, Inc. v. Columbia Broadcasting Sys., Inc.*, 340 A.2d 736, 749 (Ct. Spec. App. Md. 1975); *Columbia Broadcasting Sys., Inc. v. Melody Recordings, Inc.*, 134 N.J. Super. 368, 341 A.2d 348, 354-55 (1975) (tape pirates held liable in both cases on grounds of "unfair competition"). For a lucid discussion of creation by a state court of a common law cause of action for record piracy, see *Mercury Record Productions Inc. v. Economic Consultants, Inc.*, 64 Wis.2d 163, 218 N.W.2d 705 (1974), *cert. denied*, 420 U.S. 914 (1975). *Cf. International News Serv. v. Associated Press*, 248 U.S. 215 (1918).

¹³ See, e.g., CAL. PENAL CODE § 653(h) (West 1970) (piracy of sound recordings a misdemeanor); TENN. CODE ANN. §§ 39-4244-50 (Supp., 1974) (piracy of sound recordings a felony).

¹⁴ Throughout this article reference is made to the "property interest of the composer", "the composer's copyright", etc. Although the composer's copyright is indeed the predicate for the holdings of the *Tape Piracy* cases, one should keep in mind that it has long been the practice in the music industry for a composer to transfer all the rights in his musical composition to a music publisher. See *April Productions v. G. Shirmer, Inc.*, 308 N.Y. 360, 370 (1955); W. BLAISDELL, *THE ECONOMIC ASPECTS OF THE COMPULSORY LICENSE IN THE COPYRIGHT LAW* (Study No. 12 on the General Revision of the Copyright Law 1958). Thus it is the music publisher, not the composer, who contracts with a record manufacturer for the initial mechanical reproduction of a musical work, and who thereafter collects the mechanical royalties; and it is the music publisher, not the composer, who controls the suits brought against alleged infringers and tape pirates. In the sense that an infringement action against one who pirates sound recordings fixed before February 15, 1972 may only be instituted by a composer or by a publisher who has been assigned a composer's copyright, and not by a record manufac-

recent series of split decisions from the Third,¹⁵ Fifth,¹⁶ Ninth¹⁷ and Tenth¹⁸ Circuits [hereinafter collectively referred to as the *Tape Piracy* cases] have held that the unauthorized duplication of sound recordings which were fixed prior to the effective date of the 1972 Sound Recording Act constitute an infringement of the copyright of the *composer* whose musical work is reproduced by the recording.

The fact patterns of all four cases were nearly identical.¹⁹ The pirates purchased sound recordings of musical works in which plaintiffs held the copyrights. The pirates then made master tape recordings of these records, and from these masters they reproduced copies for sale to retailers and to the general public. In all respects, the pirates complied with the explicit conditions of section 1(e) by filing notices of intent to use the copyrighted musical works and by tendering to the copyright holders payment of the statutory royalties. Nevertheless, all four circuit courts concluded that the tape pirates did not thereby become compulsory licensees entitled to reproduce

turer, the protection afforded the manufacturers is indeed ushered in through a back door.

However, the fact that the manufacturers of pre-1972 sound recordings cannot maintain infringement actions against tape pirates, and must instead rely on the music publishers, does not in any way lessen the certainty that such prosecutions will be forthcoming. Though the economic interests of publishers and manufacturers may at times be antagonistic, *see, e.g., Hearings on Copyright Revision Bill (H.R. 2223), before House Subcomm. No. 3 reported in* PATENT, TRADEMARK & COPYRIGHT J. No. 246 at A-10 (Sept. 25, 1975), (National Music Publishers Association argued for a four cents mechanical royalty instead of the three cents royalty contained in the revision bill, while the Recording Industry Association of America opposed any increase from the present two cents royalty, the ravages of inflation since 1909 notwithstanding), such antagonisms do not dominate their relationship. For example, the Harry Fox Agency, which represents over 3,000 music publishers in connection with the mechanical reproduction of their copyrighted musical works, Statement of Albert Berman on Behalf of the Harry Fox Agency, Inc., *Hearings on Prohibiting Piracy of Sound Recordings, House Comm. on Judiciary*, 92d Cong., 1st Sess. 58 (June 9, 1971), views the publishers as an integral part of the recording industry, and therefore views any threat to the traditional economic structure of the recording industry as a threat to the well-being of the publishers. *Id.* This statement of the publishers' self interest may explain why their pursuit of tape pirates who complied with the notice and royalty provisions of the compulsory license scheme became overzealous at times. *See, e.g., Jondora Music Publishing Co. v. Melody Records, Inc.*, 351 F. Supp. 570, 576 (D.N.J. 1972).

¹⁵ *Jondora Music Publishing Co. v. Melody Records, Inc.*, 506 F.2d 392, 395 (3d Cir. 1974), *cert. denied*, 421 U.S. 1012 (1975).

¹⁶ *Fame Publishing Co. v. Alabama Custom Tape, Inc.*, 507 F.2d 667, 669-70 (5th Cir.), *cert. denied*, 96 S.Ct. 73 (1975).

¹⁷ *Duchess Music Corp. v. Stern*, 458 F.2d 1305, 1310 (9th Cir.), *cert. denied*, 409 U.S. 847 (1972).

¹⁸ *Edward B. Marks Music Corp. v. Colorado Magnetics, Inc.*, 497 F.2d 285, 288 (10th Cir. 1974), *cert. denied*, 419 U.S. 1120 (1975).

¹⁹ *See Marks Music*, 497 F.2d at 286, 288; *Duchess Music*, 458 F.2d at 1306-07. For a complete statement of the facts in the other cases see *Fame Publishing Co. v. S & S Distributors, Inc.*, 363 F. Supp. 984, 986-87 (N.D. Ala. 1973); *Jondora Music Publishing Co. v. Melody Records, Inc.*, 362 F. Supp. 488 (D.N.J. 1973).

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and sell copies of the musical works.²⁰ The courts reached this conclusion by interpreting the words "similar use" in section 1(e)²¹ as creating an implied condition that a would-be licensee independently perform the musical work sought to be reproduced. Since tape pirates who duplicate the recordings of legitimate manufacturers thereby make an "identical" use of the underlying musical work, they are not in compliance with Section 1(e) and infringe the composer's copyright.²²

From the manufacturers' point of view, the *Tape Piracy* cases fill an unfortunate gap in the copyright laws in as much as they recognize a new composer's interest which fills the void left by exclusion of sound recordings from the Act's protections. Where the manufacturer has purchased the composer's copyright,²³ the manufacturer might assert the composer's copyright interest in protection of his uncopyrightable sound recording. In other cases,²⁴ the composer might perceive a sufficient community of interest with the manufacturer to warrant assertion of his copyright for the benefit of the manufacturer.

The courts of appeals' discovery of this new tool for combatting record piracy seems rather belated. Pirates have been around almost as long as the sound recording industry itself.²⁵ However, they did not emerge as a serious economic threat to the recording industry until the decade after World War II, when the long-playing record (LP) replaced the ten-inch, 78 rpm single as the staple of the record industry.²⁶ LP's made it possible to reproduce popular hits more cheaply and to combine them into attractive anthologies. During this era, however, many pirates left themselves vulnerable to federal sanctions by failing to pay composers their statutory royalties.²⁷ Actions brought in federal court by the industry on the ground that the record pirates failed to pay the statutory royalties were a major part of the legal strategy developed by the industry to combat the pirates, and for a time the problem abated.²⁸ However, the question of whether pirates who complied with royalty requirements still violated section 1(e) was left without an authoritative resolution.²⁹

The perfection of magnetic taping techniques in the 1960's, like

²⁰ *Fame Publishing*, 507 F.2d at 672; *Jondora Music*, 506 F.2d at 397; *Marks Music*, 497 F.2d at 288; *Duchess Music*, 458 F.2d 1310.

²¹ 17 U.S.C. § 1(e) (1970). See note 2 *supra*.

²² *Duchess Music*, 458 F.2d at 1310. See *Fame Publishing*, 507 F.2d at 669-70; *Jondora Music*, 506 F.2d at 395; *Marks Music*, 497 F.2d at 288.

²³ E.g., *Duchess Music*, 458 F.2d at 1306-07.

²⁴ E.g., *Fame Publishing*, 507 F.2d at 668 n.1.

²⁵ For a brief but lively account of the development of piracy as a serious economic threat to the recording industry, see Note, 5 STAN. L. REV. 433, 433-43 (1953). See also Comment, *Record Piracy and Copyright: Present Inadequacies and Future Overkill*, 23 MAINE L. REV. 359 (1971).

²⁶ Note, *supra* note 25 at 435-36.

²⁷ See *id.* at 440-41.

²⁸ See *id.* at 439-40.

²⁹ See text at notes 34-39 *infra*.

the development of the LP a decade earlier, raised the stakes involved in piracy once again, and piracy became a greater problem than ever before. Trade sources have estimated that pirated tapes account for more than \$100 million in sales annually, approximately one-quarter of the annual volume of all pre-recorded tape sales in the United States.³⁰ Several reasons are generally given as to why the market for pirated tapes is so large. The technology of tape recording is such that the fidelity of sound on a pirated tape is usually quite good; in fact, some consider the quality of certain pirated tapes to be superior to that of national brand tapes.³¹ This factor, together with the ability of the pirate to combine into one tape the more popular selections of several "authorized" albums, makes for an attractive consumer package.³² Given the popularity of tapes with music collectors, as well as the legitimate recording industry's practice of retailing tape cassettes at a price one dollar higher than the price of an LP album of the same recording,³³ it is no surprise that the relatively inexpensive pirate's wares are so popular with the public. And the tape pirates, having learned a lesson from the record pirates' earlier skirmishes with the recording industry, sought to protect their illicit market from the reaches of federal law by complying in all respects with the compulsory license provisions of the Copyright Act—or so they thought.³⁴ This belief was shattered when the *Tape Piracy* cases held, in effect, that the loophole in the 1909 Act³⁵ which left sound recordings unprotected and which the pirates and everyone else thought had only been partially closed by the Sound Recording Act,³⁶ had never in fact existed. As a result, pirates may now be held criminally liable under federal law, with a maximum sentence of up to one year in prison.³⁷ In addition, all pirated copies may be destroyed by court order³⁸ and the pirates held civilly liable for damages and forfeiture of profits.³⁹

If there were no countervailing considerations, one might well applaud the ingenious statutory interpretation formulated by the four circuit courts in the *Tape Piracy* cases to solve a problem which had plagued the legitimate recording industry for so long. However, it is difficult to square the practical effect of the *Tape Piracy* cases—namely, the extension of copyright protection to the recordings themselves in cases brought by holders of the copyrights—with

³⁰ H.R. REP. NO. 1389, 93d Cong., 2d Sess. 3 (1974).

³¹ *Hearings on S. 646 and H.R. 6927 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 92d Cong. 1st Sess. 78-79 (1971).

³² *Id.* at 47.

³³ *Id.* at 37.

³⁴ See, e.g., *Duchess Music*, 458 F.2d at 1310.

³⁵ Act of March 4, 1909, 35 Stat. 1075.

³⁶ See *Jondora Music Publishing Co. v. Melody Recordings, Inc.*, 362 F. Supp. 494, 497-98 (D.N.J. 1973), *rev'd*, 506 F.2d 392 (1974); H.R. REP. NO. 487, 92d Cong., 1st Sess. 2 (1971).

³⁷ 17 U.S.C. § 104 (1970). See text at notes 149-51 *infra*.

³⁸ *Id.* § 101(d).

³⁹ *Id.* § 101(b).

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the Congressional understanding, both at the time of the 1909 revisions of the Copyright laws⁴⁰ and the passage of the 1971 Sound Recording Act,⁴¹ that mechanical reproductions of copyrighted musical works "fixed" between 1909 and 1972 were without any federal protection at all. In *Goldstein*, the Supreme Court specifically relied on this congressional understanding to hold that the regulation of such "Writings" was within the domain of the states.⁴² Thus, the *Tape Piracy* cases managed not only to ignore a clear, albeit unwise, Congressional policy, but also to eviscerate the role which *Goldstein* had carved out for the states to play in this particular area.

I. CONGRESSIONAL INTENT WITH RESPECT TO PRE-1972 SOUND RECORDINGS

At the turn of the century player pianos and similar machines were quite popular and the manufacture and sale of perforated music rolls for use in these machines had developed into a lucrative business. In fact, these machines were so popular that the sale of perforated rolls caused a decline in the sale of sheet music.⁴³ The result was a detraction from the value of the exclusive copyright granted composers whose work was "reproduced" on such rolls. Although the copyright laws at the time explicitly granted composers the right to control printed copies of their work,⁴⁴ the manufacturers of perforated rolls took the position that the manner in which copyrighted musical works were used on perforated rolls did not infringe any rights secured by the Copyright Act.⁴⁵

In *White-Smith Music Publishing Co. v. Apollo Co.*,⁴⁶ the Supreme Court upheld the manufacturers' view that a perforated music roll did not constitute a "copy" of the underlying musical work within the meaning of the Copyright Act, since a music roll was not a written or printed record of the composition in intelligible notation.⁴⁷ The Court made it clear, in dictum, that the rationale of its holding was also applicable to phonograph records,⁴⁸ which, like perforated rolls, are merely "[component] parts of a machine which, when duly applied and properly operated in connection with the mechanism to which they are adapted, produce musical tones in harmonious combination."⁴⁹

⁴⁰ H.R. REP. NO. 2222, 60th Cong., 2d Sess. 9 (1909); see *Goldstein*, 412 U.S. at 563-66.

⁴¹ H.R. REP. NO. 487, 92d Cong., 1st Sess. 2 (1971).

⁴² 412 U.S. at 571.

⁴³ H.R. REP. NO. 7083, 59th Cong., 2d Sess., pt. 2, at 2 (1907) (Minority Report).

⁴⁴ Act of Feb. 3, 1831, § 1, 4 Stat. 436. See *White-Smith Music Co. v. Apollo Co.*, 209 U.S. 1, 17 (1908).

⁴⁵ *White-Smith Music Publishing Co. v. Apollo Co.*, 209 U.S. 1, 7 (1908).

⁴⁶ 209 U.S. 1 (1908).

⁴⁷ *Id.* at 17.

⁴⁸ *Id.*

⁴⁹ See *id.* at 18.

The effect of the *White-Smith* decision was to create a copyright scheme which did not entitle a composer to partake of the commercial exploitation of his own musical work. Congress, in an effort to correct the patent unfairness of this scheme did not choose the obvious solution of simply overruling the rationale of *White-Smith* by statutorily designating sound recordings as "copies" of the underlying work. It feared, with good reason, that an exclusive right to duplicate musical compositions in the form of sound recordings would lead to monopoly.⁵⁰ In a compromise solution designed to secure to composers a just compensation for their creative efforts and at the same time preclude the development of a music trust, Congress created the compulsory licensing scheme.⁵¹ This feature of the copyright laws granted to a composer the exclusive right to determine when and how his work would first be recorded; but once this right was exercised, anyone else was free to make a "similar use" of the work upon payment of a statutory royalty to the composer.⁵²

It is clear, then, from this brief history, that in enacting section 1(e), Congress did not intend "to extend the right of copyright to the mechanical reproductions themselves, but only to give the composer or copyright proprietor the control . . . of the manufacture and use of such devices."⁵³ It is also now settled that in no other section of the Copyright Act did Congress intend to extend copyright protection to recordings.⁵⁴ Thus, with respect to records and tapes fixed prior to 1972, a tape pirate's duplication of musical productions violates no federally protected interest of the record or tape manufacturer.

II. THE TAPE PIRACY CASES

In spite of the clear legislative intent not to protect mechanical reproductions under section 1(e),⁵⁵ and in spite of the settled judicial view that categories of writings not specifically enumerated in the Act are ineligible for federal protection,⁵⁶ the *Tape Piracy* cases concluded that pre-1972 sound recordings which contain performances of

⁵⁰ See H.R. REP. NO. 2222, 60th Cong., 2d Sess. 7-8 (1908). The Apollo Company, a leading manufacturer of perforated music rolls, and one of the litigants in the *White-Smith* case, is a good example of the potential for monopoly. At the time *White-Smith* was being litigated, the company had entered into contracts with more than eighty publishing houses under which Apollo acquired the exclusive rights to mechanical reproduction of all copyrighted music which the publishing houses might acquire over a period of thirty-five years. *Id.*

⁵¹ 17 U.S.C. § 1(e) (1970). See note 2 *supra*.

⁵² *Id.*

⁵³ H.R. REP. NO. 2222, 60th Cong., 2d Sess. 9 (1908).

⁵⁴ *Goldstein*, 412 U.S. at 567-69.

⁵⁵ See *id.* at 566. "Nowhere does the [1909 committee] report indicate that Congress considered records as anything but a component part of a machine, capable of reproducing an original composition or that Congress intended records, as renderings of original artistic performance, to be free from state control." *Id.* (emphasis in original).

⁵⁶ See *id.* at 567-69.

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copyrighted musical works may not be pirated.⁵⁷ One authority cited by the cases in support of this view was *Aeolian Co. v. Royal Music Roll Co.*,⁵⁸ a case decided by the United States District Court for the Western District of New York in 1912. In *Aeolian*, a compulsory licensee who manufactured music rolls sought to enjoin the defendant from allegedly infringing the copyright of the underlying musical work by duplicating plaintiff's perforated rolls.⁵⁹ In granting the injunction the district court said:

The provision of the statute [section 1(e)] that "any other person may make similar use of the copyrighted work" becomes automatically operative by the grant of the license; but the subsequent user does not thereby secure the right to copy the perforated rolls or records. *He cannot avail himself of the skill and labor of the original manufacturer of the perforated roll or record by copying or duplicating the same, but must resort to the copyrighted composition or sheet music, and not pirate the work of a competitor who has made an original perforated roll.*⁶⁰

The *Aeolian* case has been criticized for allowing a licensee to sue for an infringement of the licensor's copyright, thereby indirectly giving the licensee the copyright protection which Congress had refused to give directly.⁶¹ The opinion is also subject to attack on another ground: its apparent conclusion that "similar use" creates an implied condition that a subsequent licensee may not duplicate the product of the efforts of a prior licensee is truly an *ipse dixit*. Although the question of what Congress intended by the phrase "any other person may make similar use of the copyrighted work"⁶² was one of first impression, the court failed to discuss the question in the context of the controversy which had first led to the Supreme Court's decision in *White-Smith* and then to Congress' compromise solution in the 1909 Act.⁶³ It is likely that, if the court had considered these interpretive guides, it would have reached a contrary conclusion.

This failure is significant, not only because all four *Tape Piracy*

⁵⁷ *Fame Publishing*, 507 F.2d at 569-70; *Jondora Music*, 506 F.2d at 395; *Marks Music*, 497 F.2d at 288; *Duchess Music*, 458 F.2d at 1310.

⁵⁸ 196 F.926 (W.D.N.Y. 1912).

⁵⁹ *Id.* at 927.

⁶⁰ *Id.* (emphasis added).

⁶¹ See Note, *supra* note 25 at 444-45.

⁶² 17 U.S.C. § 1(e) (1970).

⁶³ As Professor Landis observed:

It must be insisted that the legislative purposes and aims are the important guideposts for statutory interpretation, not the desiderata of the judge. And there is a world of difference between an attitude of mind that honestly seeks to grasp these and give them effect, and one that cavalierly throws them overboard and leaves us to the mercy of the [judge].

Landis, *A Note on "Statutory Interpretation,"* 43 HARV. L. REV. 886, 891-92 (1930). Compare *id.* with note and text at note 90 *infra*.

cases generally relied on *Aeolian* as supportive of their respective holdings,⁶⁴ but also because of the manner in which one of the *Tape Piracy* courts cited *Aeolian* on the question of the congressional intent underlying section 1(e). In *Edward B. Marks Music, Inc. v. Colorado Magnetics, Inc.*,⁶⁵ the defendants argued that Congress did not intend to proscribe the pirating of sound recordings through its enactment of section 1(e).⁶⁶ In support of this contention they relied on Congress' explicit understanding at the time of passage of the 1971 Sound Recording Act that: "[i]f the unauthorized producers [of sound recordings] pay the statutory mechanical royalty required by [section 1(e)] for the use of copyrighted music, there is no federal remedy currently available to combat the unauthorized reproduction of the recording."⁶⁷ The dissents in several *Tape Piracy* cases explicitly relied on this congressional understanding.⁶⁸ Nevertheless, the Tenth Circuit rejected this view, noting that a court is not bound by a congressional interpretation of a prior existing law, particularly when the interpretation comes decades after the passage of that law.⁶⁹ In contradistinction to the 1971 congressional view, the court posed the *Aeolian* opinion, which, because it was decided only three years after the enactment of the 1909 revisions of the Copyright Act, was considered to be a more accurate interpretation of section 1(e).⁷⁰ Relying on *Aeolian*, the court concluded that the pirating of sound recordings was, in fact, proscribed by section 1(e).⁷¹

Although under some circumstances deference based solely on proximity in time may be justified, it certainly is not warranted in the present situation; whatever value *Aeolian* might have had as a fresh interpretation of the 1909 Act was negated by its failure to resort to the legislative history of the Act to resolve the patent ambiguity of the language of section 1(e). Given this unwarranted deference, it is not surprising to find that the *Aeolian* rationale is echoed in the Tenth Circuit's explanation of the scope of the license created by section 1(e):

[U]nder the statute Magnetics may "use" the copyrighted

⁶⁴ *Fame Publishing*, 507 F.2d at 671; *Jondora Music*, 506 F.2d at 394; *Marks Music*, 497 F.2d at 289-90; *Duchess Music*, 458 F.2d at 1310.

⁶⁵ 497 F.2d 285 (10th Cir. 1974).

⁶⁶ 497 F.2d at 289.

⁶⁷ H.R. REP. NO. 487, 92d Cong., 1st Sess. 2 (1971).

⁶⁸ *Jondora Music*, 506 F.2d at 401 (dissenting opinion); *Duchess Music*, 458 F.2d at 1311-12 (dissenting opinion), citing H.R. REP. NO. 487, 92d Cong., 1st Sess. (1971). The dissent in *Duchess Music* also relied on Professor Nimmer: "Assuming such a record pirate duly serves a notice of intent to use and pays the compulsory license royalties, the somewhat astounding result is that he is not an infringer under the Copyright Act." 458 F.2d at 1312 (dissenting opinion), quoting Nimmer on Copyright 430-31 (1970). See also *Jondora Music*, 506 F.2d at 400 (dissenting opinion), quoting Nimmer on Copyright 431 (1972).

⁶⁹ 497 F.2d at 289.

⁷⁰ *Id.* at 289-90.

⁷¹ *Id.*

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composition in a manner "similar" to that made by the licensed recording company. All of which means, to us, that Magnetix may make its own arrangements, hire its own musicians and artists, and then record. It does not mean that Magnetix may use the composer's copyrighted work by duplicating and copying the record of a licensed recording company. Such, in our view, is not a *similar* use.⁷²

This language is unmistakably similar to that set out in *Aeolian*.⁷³ Unlike *Aeolian*, however, the court in *Marks Music* at least took notice of the fact that there was a legislative history to the compulsory license provision of the Act.⁷⁴ Nevertheless, without actually discussing this history, the court dismissed it as "conflicting and indecisive".⁷⁵

In the 1972 *Tape Piracy* case, *Duchess Music Corp. v. Stern*,⁷⁶ the Ninth Circuit also relied uncritically on *Aeolian* as authority for requiring a non-identical use of copyrighted compositions.⁷⁷ The 1975 case, *Fame Publishing Co. v. Alabama Custom Tape, Inc.*,⁷⁸ relied not only on *Aeolian* but also on the previous *Tape Piracy* cases which had uncritically relied on *Aeolian*.⁷⁹ Only one *Tape Piracy* case, *Jondora Music Publishing Co. v. Melody Recordings, Inc.*,⁸⁰ represented an effort to depart from the unanalytic reasoning of the other cases. Although the Third Circuit in *Jondora Music* reached the same conclusion as its predecessors, it did not rest its decision solely on the precedential value of those decisions. It constructed an argument based, not on the specific language of section 1(e), but on the general "spirit" of the 1909 Act.⁸¹ Congress revised the copyright laws in 1909, the court pointed out, to protect the interests of composers.⁸² The compulsory licensing provision was therefore not intended to penalize the composer but to prevent one manufacturer from monopolizing the field of sound recording.⁸³ Given this history, section 1(e) should be interpreted with a "spirit" that is protective of composers.⁸⁴

⁷² *Id.* at 288 (emphasis in original). Compare *id.* with *Aeolian*, 196 F. at 927.

⁷³ See text at note 57 *supra*.

⁷⁴ 497 F.2d 288.

⁷⁵ *Id.* The first *Tape Piracy* case to be decided, *Duchess Music Corp. v. Stern*, 458 F.2d 1305 (9th Cir. 1972), sheds no more light on the proper meaning of the phrase "similar use" than either of the opinions in *Aeolian* or *Marks Music*. The court limited its discussion of the question to a statement that pirates who duplicate the sound recordings of others do not make a "similar use" of the underlying copyrighted compositions. Rather, they make exact and identical copies of them. *Id.* at 1310. This conclusion is simply followed by a citation to *Aeolian*. *Id.*

⁷⁶ 458 F.2d 1305 (9th Cir. 1972).

⁷⁷ 458 F.2d 1305, 1310 (9th Cir. 1972).

⁷⁸ 507 F.2d 667 (5th Cir. 1975).

⁷⁹ 507 F.2d 667, 670-72 (5th Cir. 1975).

⁸⁰ 506 F.2d 392 (3d Cir. 1974).

⁸¹ *Id.* at 395-96.

⁸² *Id.* at 395.

⁸³ *Id.* at 395-96.

⁸⁴ *Id.* at 396.

The court then attempted to demonstrate how a composer's interest in his copyrighted work is adversely affected when legitimate sound recordings of that work are pirated.⁸⁵ To make a sound recording a manufacturer must invest a considerable amount of money to hire performers and to make a master recording. These cost factors are then balanced against the anticipated number of copies that will sell. Since the life of a popular record is generally short, the profit margin of a manufacturer depends in large part on how many copies are sold in the first few months following release.⁸⁶

The pirate's initial investment, on the other hand, is much smaller: the purchase of one record or tape. In addition, the risk factor is non-existent for him, since the pirate can make his judgment on which recordings to reproduce on the basis of the record charts. If the pirate works quickly enough, he can siphon off a substantial amount of the record manufacturer's profits in the few months following the initial release of the performance.⁸⁷ Because the record manufacturer's market is thus reduced by the pirated records, his incentive to market other popular records is diminished. This in turn becomes a detriment to the composer, since the record manufacturer's diminished enthusiasm and profits means that the composer will have to endure less costly productions of his works and, quite possibly, less exposure to the public.⁸⁸ "To this extent, the interests of the composer and manufacturer coincide in combatting piracy."⁸⁹

The thrust of the court's argument is that composers as a group will, in the long run, receive fewer royalties because fewer of their compositions will be recorded as a result of the inroads made in the legitimate recording industry by the pirates. This long range threat, the court concluded, compels a court to interpret section 1(e) in a way that eliminates the threat.⁹⁰

All four of the *Tape Piracy* cases state that a pirate infringes a composer's proprietary interest because, by duplicating without authorization the recording of a "legitimate" manufacturer, the pirate makes an "identical" rather than a "similar" use of the underlying musical work.⁹¹ Implicit in this conclusion is the assumption that the

⁸⁵ *Id.*

⁸⁶ *Id.*

⁸⁷ *Fame Publishing*, 507 F.2d at 668.

⁸⁸ *Jondora Music*, 506 F.2d at 396.

⁸⁹ *Id.*

⁹⁰ *See id.*; cf. *Teleprompter Corp. v. Columbia Broadcasting Sys., Inc.*, 415 U.S. 394 (1974), where the Court decided, *inter alia*, that "distant signal" importation is not a "performance" within the meaning of the Copyright Act. The commercial television networks had contended that this holding, which allows license-free "distant signal" importation, would have an adverse economic impact on the advertising markets of broadcast television. The Court dismissed this suggestion as irrelevant to the copyright question, indicating that any readjustment of existing economic arrangements "would entail extended fact finding and a legislative, rather than a judicial, judgment." *Id.* at 413-14 n.15.

⁹¹ *Fame Publishing*, 507 F.2d at 669-70; *Jondora Music*, 506 F.2d at 395; *Marks Music*, 497 F.2d at 288; *Duchess Music*, 458 F.2d at 1310.

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pirate's failure to hire musicians, pay for studio recording time and generally create a unique performance of the composer's work detracts from the value of the copyright with which the statute has rewarded the composer's creative efforts. This assumption has no logical foundation. From a strictly economic point of view, the property interest which is invaded by a pirate's failure to stage a unique performance is that of the manufacturer, not the composer. It is the manufacturer's economic investment in musicians' fees and studio recording expenses which is misappropriated by the pirate. Moreover, so long as the pirate pays the composer the statutory royalties for each unauthorized duplicate recording, the pirate has avoided the mischief which Congress sought to remedy in 1909, namely, the composer's being deprived of a share of the economic returns generated by the mechanical reproduction of his creative efforts.⁹²

Indeed, the economic picture painted by the court in *Jondora Music* is an incomplete one, since it does not take into account the short range possibility that individual composers will actually profit if a pirate who complies with section 1(e) markets pirated recordings of their musical works. Under the compulsory licensing system, the sole measure of the composer's profits is the number of records sold for which statutory royalties are paid. Except where the composer has contracted for a higher royalty in the case of the first use of his composition, it makes no difference to the composer whether the price paid by the consumer, minus the two cent royalty, lines the pocket of the pirate or of the record manufacturer. Furthermore, to the extent that the cut-rate price offered by the pirate induces a consumer to purchase a record which he is unwilling to purchase at the higher price of the manufacturer, the composer enjoys an unexpected gain from the marketing of pirated recordings of his musical work. In the short run, then, the composer's interests are likely to be adverse to those of the manufacturer.

Finally, taking into account the fact that Congress, by passage of the Sound Recording Act, has effectively neutralized the long range threat which so troubled the court of appeals,⁹³ the practical effect of the *Tape Piracy* cases is clear. Under the guise of protecting the composer's proprietary interest in his copyrighted musical work, the courts have extended copyright protection to the recording itself.⁹⁴

⁹² *Goldstein*, 412 U.S. at 565.

⁹³ *Jondora Music*, 506 F.2d at 396.

⁹⁴ It is not suggested that a protective approach to the copyright laws is always unwarranted. For example, in *Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30 (1939), the copyright proprietor did not deposit copies of the copyrighted material until fourteen months after publication and six months after defendant had allegedly infringed the copyright. The Court rejected an argument by the defendant that "although prompt deposit of copies is not prerequisite to copyright, no action can be maintained because of infringement prior in date to a tardy deposit," *id.* at 35-36, and held that, "while no action can be maintained before copies are actually deposited, mere delay will not destroy the right to sue. Such forfeitures are never to be inferred from doubtful language." *Id.* at 42. *Washingtonian* may be criticized for doing violence to

This judicially created facet of the composer's copyright interest creates an unnecessary conflict with Congress' policy not to grant federal protection to mechanical reproductions fixed prior to 1972. Since a composer ordinarily enjoys no discernible benefit from a requirement that each would-be mechanical reproducer of his musical work stage an independent performance of that work, the only other possible beneficiary of such a requirement is the manufacturer who has invested in such performances. Although the *Tape Piracy* cases avoid an open conflict with this policy by predicating the requirement on the property interest of the composer, the conflict is avoided at the expense of sound analysis.

III. A MORE CREDIBLE INTERPRETATION OF "SIMILAR USE"

There is a precedent for the view that the "similar use" proviso of section 1(e) does not require a compulsory licensee to perform independently the underlying musical work. This precedent was neither discussed nor cited by any of the four *Tape Piracy* cases. In the 1957 case, *Shapiro, Bernstein & Co. v. Goody*,⁹⁵ the Second Circuit rejected the argument posed by retailers of pirated records that only the manufacturers, and not the sellers, of unauthorized recordings are liable for infringement.⁹⁶ The court held that even though the manufacturer subsequently complied with the notice requirements of section 1(e), the retailers were liable for those unauthorized records sold prior to compliance with the statute. The court, therefore, appeared to approve the view that a pirate who complies with section 1(e) cannot be held liable for infringement. Implicit in the court's holding that compliance with section 1(e) does not relieve a pirate of liability for damages for the manufacture of records prior to compliance is a belief that compliance with section 1(e) will relieve a pirate of liability for subsequently produced recordings.⁹⁸

The central issue in *Shapiro, Bernstein & Co.*, however, was whether the plaintiffs were to recover under the general damages provisions of section 101(b)⁹⁹—which allows a minimum recovery of \$250 for each infringement in lieu of proof of actual damages and

statutory language which is rather clear. However, the result is a sensible one, in that the statutory interpretation does not expand or contract any substantive rights; it merely preserves a cause of action. The *Tape Piracy* cases, on the other hand, create a de facto expansion of the categories of "Writings" which receive statutory protection.

The absence of any actual harm or injury in fact to the property interest of a composer in those situations where a pirate tenders the statutory royalties prompted one dissenting judge to conclude that composers lacked standing to challenge the practices of such pirates. *Fame Publishing*, 507 F.2d at 675 (dissenting opinion).

⁹⁵ 248 F.2d 260 (2d Cir. 1957).

⁹⁶ *Id.* at 264.

⁹⁷ *Id.* at 264-65.

⁹⁸ *See id.*

⁹⁹ 17 U.S.C. § 101(b) (1970).

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profits¹⁰⁰—or under the specific provisions of the former section 101(e) dealing with mechanical reproductions of musical works¹⁰¹—which limited recovery to the 2 cents royalty or a discretionary allowance not to exceed the royalty trebled.¹⁰² The court ruled that section 101(e) was the controlling and exclusive measure of damages since it was part of a “different regulatory plan;” that is, section 101(e) was addressed specifically to infringements involving “parts to reproduce mechanically the musical work” and its damages provisions remedied violation of the compulsory license scheme through payment of the statutory compensation rather than payment of actual damages or lost profits.¹⁰³

Implicit in this conclusion is the premise that what rendered the recordings “unauthorized” under the Act was the pirate’s failure to pay the statutory royalties, and not his unauthorized duplication of a recorded performance. This premise points once again to the conclusion that as long as the duplicator pays statutory royalties to the composer, piracy is not a violation of the Copyright Act. The *Tape Piracy* cases are inconsistent with this conclusion for if, as those cases imply, section 1(e) grants to the composer, in addition to his proprietary interest in collecting royalties, a proprietary interest in having his composition performed independently by each compulsory licensee, section 101(e) would be an incomplete measure of the harm inflicted by pirates on these dual property interests. Liquidated damages in the form of royalties would redress injury only to the former interest, leaving the composer’s interest in an independent performance without an effective remedy.

The conclusion that Congress did not at all concern itself with the problems of piracy when it enacted section 1(e) is further buttressed by the statutory scheme which is revealed when the broad policy purposes underlying section 101(b) are contrasted with the more limited intentment of section 101(e). Section 101(b) requires infringers of copyrights to pay damages to copyright holders and to disgorge profits.¹⁰⁴ This section is a flexible provision, the Supreme Court has said, which does not merely take away the profits of an infringer;

¹⁰⁰ *Id.*

¹⁰¹ *Id.* § 101(e).

¹⁰² *Id.* In 1971, § 101(e) was amended to delete the provision authorizing treble damages where a record manufacturer failed to give notice to his use of the copyrighted composition. Act of Oct. 15, 1971, P.L. No. 92-140, § 2, 85 Stat. 392. Instead, Congress provided that “the unauthorized manufacture, use, or sale of [records or tapes] shall constitute an infringement of the copyrighted work rendering the infringer liable in accordance with all provisions of this title dealing with infringements of copyright and, in a case of willful infringement for profit, to criminal prosecution pursuant to section 104 . . .” 17 U.S.C. § 101(e) (Supp. III, 1973).

¹⁰³ 248 F.2d at 265-66.

¹⁰⁴ 17 U.S.C. § 101(b) (1970) renders an infringer of a copyright liable for “such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement . . .” *Id.*

such a scheme "would offer little discouragement to infringers [and] would fall short of an effective sanction for enforcement of the copyright policy."¹⁰⁵ Therefore, the Court has concluded, section 101(b) should be interpreted as having been designed "to discourage wrongful conduct" and to effectuate the broad policies of the Copyright Act.¹⁰⁶

In contrast to the policy-vindicating measure of section 101(b) are the paltry sums which were available under section 101(e): 2 cents for each infringing "part," which may be trebled if the infringer failed to file notice of intent to use the copyrighted work.¹⁰⁷ Surely these amounts cannot be said to discourage piracy. Yet the *Tape Piracy* cases would nevertheless have one conclude that Congress included in the discouragement of record piracy among the policies it established through the Copyright Act, despite the fact that it did not provide an effective vindication of that policy.¹⁰⁸ Unless Congress intended to act in such an irrational manner, it is clear that Congress could not have intended to establish *any* federal policy with respect to record piracy. Rather, sections 1(e) and 101(e) evince the much more limited purpose of setting up a royalty-collecting mechanism by which composers may recover the full extent of their property interest in mechanical reproductions of their compositions.¹⁰⁹ This purpose was underscored by the former trebling provision, which could be invoked only if the manufacturer had failed to file notice of intent to use the copyrighted work.¹¹⁰ By tying the trebling provision to the notice requirement, Congress demonstrated its purpose of merely establishing a collection mechanism because such a notice requirement is the only meaningful

¹⁰⁵ *F.W. Woolworth v. Contemporary Arts, Inc.*, 344 U.S. 228, 233 (1952).

¹⁰⁶ *Id.*

¹⁰⁷ 17 U.S.C. § 101(e) (1970). See note 102 *supra*.

¹⁰⁸ One might argue that Congress intended to discourage piracy by providing for an injunction against such activity, 17 U.S.C. § 101(e) (1970), and by providing for the impoundment and destruction of all reproductions infringing a copyright, 17 U.S.C. § 101(d),(e) (1970). See *Duchess Music*, 458 F.2d at 1307-09. However, these remedies are equally applicable to all copyright infringement cases. Thus, in terms of remedies, the only manner in which musical works cases are treated differently from other copyright cases is with respect to the damages available. Because the damages in musical works cases are so much less than the damages available in all other copyright cases, one may reasonably conclude that Congress never intended to discourage record piracy through the Copyright Act.

¹⁰⁹ *Shapiro, Bernstein & Co.*, inasmuch as it holds the retailer as well as the manufacturer of pirated records severally liable for the § 1(e) infringement, 248 F.2d at 265, appears to allow a composer to collect at least double the full extent of his economic interest in sound recordings of his compositions. This result arguably may be viewed as insuring a recovery of damages sufficient to vindicate the general copyright policy of discouraging unauthorized duplication. More realistic is the view that this finding of several liability simply assures the composer that the chain of infringement will yield at least one defendant who can be located and who can pay the royalties. Cf. *F.W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228 (1952) (retailer, who was unaware that figurines it purchased from third party infringed plaintiff's copyright, held liable for statutory damages of \$5,000 and attorney's fees of \$2,000).

¹¹⁰ 17 U.S.C. § 101(e) (1970). See note 102 *supra*.

way in which a composer can keep track of how frequently his composition is being used. Furthermore, nowhere in sections 1(e) and 101(e) are there any damage provisions, similar to those in section 101(b), which would serve to discourage one manufacturer from marketing unauthorized reproductions of another manufacturer's recorded performance of the copyrighted work. Based on this statutory scheme, one must conclude that Congress viewed such misappropriation as affecting, not the composer's interest, but rather the *manufacturer's* interest to which Congress finally granted federal protection in 1971 through the Sound Recording Act,¹¹¹ and not in 1909 through section 1(e).

The question still remains, however, as to what Congress meant by the phrase "similar use" if it did not intend to create an implied condition that a compulsory licensee independently perform the copyrighted musical work. An eminently sensible answer is suggested in *Standard Music Roll Co. v. F.A. Mills, Inc.*¹¹² In that case the plaintiff copyright owner had granted the defendant, a manufacturer of perforated music rolls, a license to use a "musical composition" in the manufacture of musical rolls.¹¹³ The explicit terms of the licensing agreement, however, did not grant the defendant the right to reproduce the lyrics of the composition. Nevertheless, the defendant printed the words of the song on slips of paper and packaged these slips along with the musical rolls.¹¹⁴ In determining that the scope of the copyright should be limited to the right originally granted to the defendant in the licensing agreement, i.e., to reproduce the music but not the lyrics of the composition, the Third Circuit relied on section 1(e)'s authorization of a "similar use":

Just how the reproduction is to be made, and whether it is to be confined to the music or shall extend to the words also, is in the first instance left for the owner to determine. But after he has determined it, and has granted a license to one person, he thereby opens the field to all others to do the *same, or a similar thing*. If he license one person to reproduce both words and music by the phonograph method, other persons may reproduce them both by using the phonograph. If he license one person to reproduce the music by the automatic roll, others also may use the roll, but they do not thereby acquire the right to print the words.¹¹⁵

Thus, the court in *Standard Music Roll* appeared to interpret "similar use" as limiting the right of reproduction to the mode of the original production. The case thus supplies a sensible answer to the question

¹¹¹ Act of Oct. 15, 1971, Pub. L. No. 92-140, §§ 1(a), 2, 85 Stat. 391, 392.

¹¹² 241 F. 360 (3d Cir. 1917).

¹¹³ *Id.* at 361.

¹¹⁴ *Id.*

¹¹⁵ *Id.* at 363 (emphasis added).

of what right other than that of statutory royalties section 1(e) grants to a composer: he may limit reproduction of his composition to the lyrics or music or both.¹¹⁶ In addition, *Standard Music Roll* might be read as recognizing a right to limit reproduction to a particular instrument.¹¹⁷

The court's answer is compelling since it did not, as did the *Tape Piracy* cases, resort to factors extrinsic to the statute, such as the economic structure of the recording industry,¹¹⁸ in order to provide the composer's property interest with a meaningful content. Instead, the court first identified the purpose of the compulsory license provision—the "prevention of monopoly or favoritism in granting the right to reproduce a musical work mechanically"¹¹⁹—then it defined the circumscribed copyright interest created by section 1(e) in a way that preserved the composer's general ability to choose the form of reproduction without derogating from the anti-monopoly purposes of the compulsory licensing scheme.¹²⁰ Such a limited construction of the statutory term "similar use" seems preferable to the *Tape Piracy* cases' more ambitious interpretation which is in harmony neither with the legislative history of section 1(e) nor with the realities of the recording industry.

IV. PROBLEMS OF FEDERALISM RAISED BY THE *TAPE PIRACY* CASES

As noted earlier,¹²¹ the *Tape Piracy* cases broadly interpreted the composer's property interest established under section 1(e). This broad interpretation appears to be contrary to the Supreme Court's decision in *Goldstein v. California*,¹²² which suggests a narrow definition of the composer's property interest. Appellant in *Goldstein* challenged a state statute which made the piracy of a sound recording a misdemeanor,¹²³ on the grounds that the statute conflicted with the Copyright clause of the Constitution and the federal statutes enacted thereunder.¹²⁴ The Court first reviewed the history and purpose of the Copyright clause and rejected the contention that, under the Constitution, the states had affirmatively relinquished to the federal government all power to grant to authors "the exclusive Right to their respective Writings."¹²⁵

The Court then proceeded to consider whether congressional

¹¹⁶ *Id.* at 363.

¹¹⁷ *See id.*

¹¹⁸ *See Fame Publishing*, 507 F.2d at 670; *Jondora Music*, 506 F.2d at 396.

¹¹⁹ 241 F. at 363.

¹²⁰ *Id.*

¹²¹ *See* text at notes 64-91 *supra*.

¹²² 412 U.S. 546 (1973). In fairness to the Ninth Circuit, it should be noted that *Duchess Music*, which was decided before *Goldstein*, could not have foreseen the implications herein discussed.

¹²³ CAL. PENAL CODE § 653(h) (West 1970).

¹²⁴ 412 U.S. at 548-49.

¹²⁵ *Id.* at 560, quoting U.S. CONST. art. I, § 8, cl. 8.

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enactments had preempted state regulation of the copyrighting of sound recordings. The Court concluded, with respect to sound recordings fixed before February 15, 1972, that Congress had remained neutral: it neither granted such writings federal protection nor specifically exempted them from state control.¹²⁶

The holdings of the *Tape Piracy* cases do not, strictly speaking, conflict with the Supreme Court's determination in *Goldstein* that Congress had "drawn no balance"¹²⁷ with respect to sound recordings fixed before the effective date of the Sound Recording Act. The cases were careful to state that their interpretation of the phrase "similar use" as proscribing piracy was dictated, not by any federally protected property interest in sound recordings as such, but by the composer's property interest in the underlying musical work.¹²⁸ However, the *Tape Piracy* cases' definition of the composer's property interest is a specious one.¹²⁹ To the extent that the protection of this specious interest results in the protection of *another's* property interest in sound recordings as such, the *Tape Piracy* cases create a *de facto* federal copyright in such works, a result which is at odds with *Goldstein's* finding¹³⁰ that no such federal protection existed prior to the 1971 amendments.

Based on that finding, the Supreme Court held that the states were free to establish their own schemes to regulate record piracy.¹³¹ Under this holding, the significance of Congress' leaving the regulation of a category of "Writings" to the states is that the threshold choice of whether or not the category of "Writings" *should be* regulated is one for the *states* to make on the basis of interests which may be of "purely local importance."¹³² The *Tape Piracy* cases, by introducing federal controls over a significant portion of pre-1972 sound recordings¹³³ effectively prevent the states from exercising this choice. As the recording industry's exertions in the *Tape Piracy* cases indicate, the sanctions available in a federal forum for violation of the federal copyright interest seem clearly preferable to piecemeal litigation on a state-by-state basis. The likely result of the *Tape Piracy* cases, then, is the increasing use of federal rather than state law in combating record and tape piracy.

It does not follow from the results in the *Tape Piracy* cases, however, that federal copyright law preempts the states' role in regulating pre-1972 sound recordings. *Goldstein* is still the law of the land with

¹²⁶ 412 U.S. at 570.

¹²⁷ *Id.*

¹²⁸ See *Fame Publishing*, 567 F.2d at 670; *Jondora Music*, 506 F.2d at 395-96; *Marks Music*, 497 F.2d at 290.

¹²⁹ See text at notes 85-86 *supra*.

¹³⁰ 412 U.S. at 566.

¹³¹ *Id.* at 571.

¹³² See *id.* at 558.

¹³³ See text at notes 134-38 *infra*.

respect to state competence to regulate such works.¹³⁴ Furthermore, the Supreme Court could conceivably reconcile the holdings of the *Tape Piracy* cases with its own holding in *Goldstein* by recognizing an artificial distinction between the property interest protected by federal law and that which may be protected by state law. However, while the effect of such a reconciliation would not eliminate the states' role in the matter altogether, it would diminish that role to a great degree since federal sanctions would likely displace reliance on the varying remedies and requirements of state laws. An analysis of the market for sound recordings further demonstrates why. This market, generally speaking, consists of two types of music: "popular" and classical. The classical audience is a relatively small one: sales of classical recordings declined from 12% of total sales of sound recordings in 1960 to 5% in 1969.¹³⁵ Since the repertory of classical music consists almost entirely of works in the public domain, no federal copyright is available.¹³⁶ Therefore, the states effectively have exclusive regulatory control over sound recordings reproducing these compositions. The popular music field, on the other hand, consists mostly of works not yet in the public domain. This is by far the larger segment of the pirate's market. If the Supreme Court accepts the *Tape Piracy* cases' theory of regulation based on the underlying composer copyright, this large segment of non-public domain, and therefore copyrightable, works will fall for practical purposes within federal regulatory competence.¹³⁷ In the expanding market of popular recordings the *Tape Piracy* cases will have disturbed the important role which *Goldstein* envisaged was the states' to exercise over pre-1972 sound recordings.¹³⁸

It is suggested that where the interpretation of the Copyright Act necessarily implicates an area of legitimate and substantial state concern, the federal courts should not intrude into that area merely to insure uniformity of a general policy of the Act.¹³⁹ The *Tape Piracy*

¹³⁴ As the dissents noted in *Jondora Music*, 506 F.2d at 400-01, and *Fame Publishing*, 507 F.2d at 675, *Goldstein*'s conclusion that state regulation was permissible, 412 U.S. at 571, necessarily assumed that Congress had not undertaken to regulate sound recordings fixed prior to 1972. Had Congress regulated the field, "state action would be barred, since Congress would have indicated its felt view that a national uniform policy was necessary, and not a piecemeal state-by-state approach." *Fame Publishing*, 507 F.2d at 675 (dissenting opinion). Thus, the *Tape Piracy* cases are inconsistent with *Goldstein* insofar as they discern congressional regulation of conduct which the Supreme Court impliedly found to be unregulated.

¹³⁵ *Id.* at 363.

¹³⁶ 17 U.S.C. § 24 (1970) provides that "[t]he copyright secured by this title shall endure for twenty-eight years from the date of first publication" and provides for a right of renewal for an additional twenty-eight years. *Id.* § 7 provides that "[n]o copyright shall subsist in the original text of any work which is in the public domain"

¹³⁷ See text at notes 134-38 *supra*.

¹³⁸ Of course, as the copyrights in the underlying musical works of these recordings expire, exclusive control over piracy of reproductions area will revert to the states.

¹³⁹ *Cf. DeSylva v. Ballentine*, 351 U.S. 570 (1956). In *DeSylva*, the Supreme

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cases violate this precept. *Goldstein* made it clear that the regulation of sound recordings fixed before the effective date of the Sound Recording Act is an area of legitimate and substantial state concern because Congress had determined that such "Writings" were not deserving of federal protection.¹⁴⁰ The substantial state concern in this area is further underscored by the fact that, due to the paltry damages available under section 101(e), complete redress for the economic injuries inflicted by the pirates can only be had by recourse to the common law doctrine of unfair competition. Since section 1(e) of the Copyright Act is not equipped to provide the complete economic relief which the states may provide, the only rationale for bringing the piracy of pre-1972 sound recordings within the purview of the federal copyright scheme is the resulting availability of federal injunctive relief on a nation-wide basis. It is submitted that the recording industry's interest in the convenience afforded by such uniform relief is insufficient to justify the derogation from the pre-eminent role which *Goldstein* had indicated was the states' to play in this area.

CONCLUSION

The immediate effect of the *Tape Piracy* cases, as noted, is to extend federal civil liability to pirates of sound recordings fixed prior to 1972. As a further result of the *Tape Piracy* cases, pirates may now be exposed to federal criminal sanctions as well. In 1971, when Congress passed the Sound Recording Act, it created for the first time criminal liability for "willful infringement for profit"¹⁴¹ resulting from non-compliance with section 1(e). Prior to that time, the holder of a musical composition copyright had available only the threat of civil liability, in the form of statutory royalties, to insure compliance with the compulsory license scheme. In the words of the House Report which accompanied the Act, Congress created this criminal sanction "to prevent piracy of already existing records of copyrighted musical works where the pirate *does not pay the statutory royalty* to the holder of the musical copyright."¹⁴²

In the wake of the holding of the *Tape Piracy* cases that section 1(e) contains an implied condition that a licensee independently perform a copyrighted musical composition, one federal district court has held that a pirate who duplicates a sound recording not directly eligi-

Court, finding "no federal law of domestic relations, which is primarily a matter of state concern," *id.* at 580, concluded that it was proper to draw on the ready-made body of state law to define the word "children" in section 24 of the Copyright Act, 17 U.S.C. § 24 (1970). *Id.* at 580-81; *cf. Gilona v. American Guarantee Co.*, 391 U.S. 73, 81 n.9 (1968) (Harlan, J., dissenting). The Court in *DeSylva* remarked: "[Although] [t]he scope of a federal right [such as a copyright] is, of course, a federal question, [this] does not mean that its content is not to be determined by state, rather than federal law." 351 U.S. at 580.

¹⁴⁰ 412 U.S. at 566, 570.

¹⁴¹ 17 U.S.C. § 101(e) (Supp. III, 1973).

¹⁴² H.R. REP. NO. 487, 92d Cong., 1st Sess. 9 (1971) (emphasis added).

ble for federal copyright protection, and who tenders the statutory royalties to the composition copyright holder, nevertheless is criminally liable for willful infringement.¹⁴³ Not only is a finding of criminal liability inconsistent with the Congressional view, noted above, that such a penalty was intended to attach only to those who failed to pay the statutory royalties, it is also at odds with the *Goldstein* view that, with respect to sound recordings fixed before February 15, 1972, "Congress has drawn no balance; rather, it has left the area unattended"¹⁴⁴ Needless to say, the availability of federal criminal sanctions to protect the music industry's economic interest in pre-1972 sound recordings is hardly consistent with a finding of Congressional neutrality with respect to such recordings.

The availability of state criminal penalties for the unauthorized duplications of sound recordings ineligible for federal copyright protection provided the context in which the Supreme Court carved out an active role for the states to play in this area of Copyright law. Perhaps the emergence of federal sanctions, as the ineluctable result of the *Tape Piracy* cases, will move the Supreme Court in the near future to revitalize that role by rejecting the interpretation of section 1(e) put forward by the music industry.

¹⁴³ *Heilman v. Levi*, 391 F. Supp. 1106, 1113 (E.D. Wis. 1975).

¹⁴⁴ 412 U.S. at 570.