University of Nevada, Las Vegas -- William S. Boyd School of Law
Scholarly Commons @ UNLV Law

Scholarly Works | Faculty Scholarship

1-1-2002

# Authorship and Termination Rights in Sound Recordings

Mary LaFrance
*University of Nevada, Las Vegas -- William S. Boyd School of Law*

Follow this and additional works at: http://scholars.law.unlv.edu/facpub

Part of the Intellectual Property Commons

Recommended Citation
LaFrance, Mary, "Authorship and Termination Rights in Sound Recordings" (2002). *Scholarly Works.* Paper 437.
http://scholars.law.unlv.edu/facpub/437

This Article is brought to you for free and open access by the Faculty Scholarship at Scholarly Commons @ UNLV Law. It has been accepted for inclusion in Scholarly Works by an authorized administrator of Scholarly Commons @ UNLV Law. For more information, please contact david.mcclure@unlv.edu.

# AUTHORSHIP AND TERMINATION RIGHTS IN SOUND RECORDINGS

MARY LAFRANCE*

## INTRODUCTION

In late 1999, Congress amended the definition of "works made for hire" in § 101 of the Copyright Act[1] to make explicit its intent to include sound recordings as a category of works eligible for this status. The amendment was repealed with retroactive effect less than a year later. All this happened—pardon the expression—in record time.

This odd course of events was precipitated by a request from the record industry, represented by the Recording Industry Association of America ("RIAA"), which persuaded Congress, shortly before passage of the Intellectual Property and Omnibus Communications Reform Act of 1999, to add a "technical amendment" purporting to clarify Congress' intent to make sound recordings eligible for work-made-for-hire status, thus conferring full authorship of those recordings on record companies rather than recording artists.[2] With neither analysis nor debate, the amendment was accepted by both houses of Congress and signed into law by President Clinton. When outraged musicians and scholars discovered that, virtually overnight, the substantive law of copyright had undergone

* Professor of Law, William S. Boyd School of Law, University of Nevada, Las Vegas. The author would like to thank the faculty of the Boyd School of Law for their helpful comments at a workshop presentation of this paper.

1. 17 U.S.C. § 101 (2000).

2. Section 1110(d) of the 1999 Act reads: "Work Made for Hire—Section 101 of title 17, United States Code, is amended in the definition relating to work for hire in paragraph (2) by inserting 'as a sound recording,' after 'audiovisual work'." Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. No. 106-113 app. I—S. 1948, §1011(d), 113 Stat. 1501A-521, 1501A-544 (1999) (amending 17 U.S.C. §101) (repealed 2000). According to press reports, this amendment, which clearly served the interests of record companies, was drafted and shepherded through Congress by a particular legislative aide, who, shortly after its adoption, accepted a position as a lobbyist for the RIAA. *See* Peter J. Strand, *What a Short, Strange Trip It's Been: Sound Recordings and the Work Made for Hire Doctrine*, ENT. & SPORTS LAW., Fall 2000, at 12.



HeinOnline -- 75 S. Cal. L. Rev. 375 2001-2002

this dramatic change, the reaction was swift, loud, and overwhelmingly disapproving.[3] Reeling from the bad press, Congress held a brief hearing and retroactively repealed the amendment, returning the authorship of sound recordings to the status quo ante—apparently.[4]

Now that the amendment has been repealed, two questions remain: First, under current law, who is the author of a sound recording? Second, regardless of the answer to the first question under current law, who *should* be the author of a sound recording?

This Article explores both issues. The attempt to resolve these specific problems, however, reveals a deeper underlying problem in copyright law. Technological change has blurred the distinctions between two categories of copyrightable works—sound recordings and audiovisual works—that were once easily distinguishable from one another. As a result, the current statutory scheme, which allocates different rights to these formerly distinct categories, has lost some of its coherence.

## 1. LEGAL SIGNIFICANCE OF WORK-MADE-FOR-HIRE STATUS

Work-made-for-hire status matters in copyright law because it determines which person or persons may exercise the exclusive rights of authorship.

Copyright ownership vests initially in the author of the work.[5] The author may then assign or license all, or a portion, of the copyright to other parties. With respect to most copyrightable works, however, the author (or, after the author's death, his or her statutory successors) retains an inalienable right to terminate such grants after a statutorily determined term of years.[6] Once a grant has been terminated, the grantee may continue to exploit derivative works that had *already* been created pursuant to the

3. *Hearing Before the Subcomm. on Courts, the Internet, & Intellectual Prop. of the Comm. on the Judiciary H.R.*, 107th Cong. 6–7 (2001) (statement of Marybeth Peters, Register of Copyrights); *Online Entm't & Copyright Law: Coming Soon to a Digital Device Near You: Hearing Before the S. Judiciary Comm.*, 107th Cong. (2001) (statement of Don Henley); Paul Sweeting, *Off the Record*, VIDEO BUS., April 6, 2001, at 12.

4. Work Made for Hire and Copyright Corrections Act of 2000, Pub. L. No. 106-379, 114 Stat. 1444. For a detailed account of the events leading to the 1999 amendment and its 2000 repeal, see Strand, *supra* note 2; Corey Field, *Their Master's Voice? Recording Artists, Bright Lines, and Bowie Bonds: The Debate over Sound Recordings As Works Made for Hire*, 48 J. COPYRIGHT SOC'Y USA 145, 179 (2000); Ryan Ashley Rafoth, Note, *Limitations of the 1999 Work-For-Hire Amendment: Courts Should Not Consider Sound Recordings to Be Works-For-Hire When Artists' Termination Rights Begin Vesting in Year 2013*, 53 VAND. L. REV. 1021, 1022–25 (2000).

5. 17 U.S.C. § 201(a)(2000).

6. *Id.* §§ 203, 304(e).

HeinOnline -- 75 S. Cal. L. Rev. 376 2001-2002

terms of the original grant, but all other rights revert to the grantor.[7] Except in the case of works made for hire, authorship of a work resides in the individual person or persons who contributed original creative expression to the work.[8] Thus, upon termination of a grant, the rights encompassed by the grant revert to these creators or their statutory successors.

In contrast, the authorship of a work made for hire never resides in its individual creators. Instead, the author is deemed to be the party that employed or commissioned those creators to produce the work.[9] Because the employing or commissioning party is the author, rather than a mere grantee, that party's rights are not subject to termination.

Thus, if a sound recording is treated as a work made for hire, the individual creative participants have no claim to authorship. They own no interest in the copyrighted work other than the interests that are granted to them in their contract with the record label—typically limited to a right to receive royalties from the recording's exploitation. If a sound recording is not a work made for hire, however, the copyright in the recording vests initially in its individual authors—a group that would include at least the featured musicians, and perhaps other creative participants as well.[10] A performer's recording contract will, typically, assign copyright ownership of the recording to the record label. This grant will be subject to termination, however, allowing the author/performer to reclaim the balance of the copyright term at a later date, subject to the derivative works exception.[11]

Another important consequence of the work-made-for-hire determination is its effect on copyright duration. Under current law, a work made for hire enters the public domain 120 years from creation or ninety-five years from publication, whichever comes first.[12] All other copyrights (with the exception of anonymous or pseudonymous works) endure for seventy years after the death of the last surviving author of the work.[13]

---

7. *Id.* §§ 203(b), 304(c)(6). *See, e.g.*, Woods v. Bourne Co., 60 F.3d 978 (2d Cir. 1995) (addressing question of which exploitations of a musical composition constituted "derivative works" for purposes of § 304(c) derivative works exception).

8. "As a general rule, the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection." Cmty. for Creative Non-Violence v. Reid, 490 U.S. 730, 737 (1989).

9. 17 U.S.C. § 201(b).

10. *See infra* Part III.A (addressing the problem of identifying the authors of sound recordings).

11. *See supra* notes 7–8 and accompanying text.

12. 17 U.S.C. § 302(c).

13. *Id.* § 302(a)–(c).

HeinOnline -- 75 S. Cal. L. Rev. 377 2001-2002

Because termination rights cannot be waived, licensed, or assigned by an author,[14] the absence of termination rights is the most significant legal consequence of the work-made-for-hire classification.[15]

## II. WHAT QUALIFIES, WHAT DOESN'T, AND WHY

The current rules, which determine whether a copyrighted work is "made for hire," are set forth in § 101 of the Copyright Act of 1976 (the "1976 Act").[16] That section provides two alternative tests. Under the first test, a work is "made for hire" if it is created by an employee acting within the scope of his or her employment.[17] Under the second test, work-made-for-hire status may attach to works that are "specially ordered or commissioned" under a written work-made-for-hire agreement, but only if the works fall into certain specified categories of copyrightable works.[18]

Some of the creative participants in a sound recording may qualify as "employees" of the record label, under the test set forth by the Supreme Court in *Community for Creative Non-Violence v. Reid* ("*CCNV*").[19] If (as is ordinarily the case) the creative contributions of these participants fall within the scope of their employment, the record label is the author of their contributions for copyright purposes.

---

14. *See id.* §§ 201(d), 203(a), 304(c).

15. Other legal consequences include, with respect to works of visual art, the inapplicability of the § 106A moral rights provisions, 17 U.S.C. §§ 106A, 101 (defining "work of visual art"), and for works published before 1978, different rules regarding the vesting of the copyright renewal term, *id.* § 304(C)(1).

16. 17 U.S.C. § 101. The current version of Title 17 of the United States Code was enacted by the Copyright Act of 1976, Pub. L. 94-553, § 101, 90 Stat. 2541 (codified as amended at 17 U.S.C. §§ 101–1332 (2000)) ("1976 Act"). The 1976 Act took effect on January 1, 1978. Pub. L. 94-553, § 102, 90 Stat. 2598 (1976). Thus, with respect to all sound recordings created after 1977, the identity of the author(s) is determined under the 1976 Act. However, because sound recordings have been copyrightable works since February 15, 1972, *see* Sound Recordings Act of 1971, Pub. L. 92-140, 85 Stat. 391 ("1971 Act"), the authorship of any copyrightable sound recordings created before January 1, 1978, must be determined under the Copyright Act of 1909, ch. 320, §§ 1–64, 35 Stat. 1075 ("1909 Act"), as amended by the 1971 Act. Although the 1976 Act completely replaced the provisions of the amended 1909 Act, it retained the substance of the 1971 Act. United States v. Moghadam, 175 F.3d 1269, 1271 n.2 (11th Cir. 1999).

17. 17 U.S.C. § 101.

18. *Id. See infra* text accompanying note 20 (listing categories of copyrightable works). For convenience, works falling into these categories are referred to in this Article as "contractual works made for hire," reflecting the § 101 rule that they can be works made for hire only when created pursuant to a written contract that identifies them as works made for hire.

19. "In determining whether a hired party is an employee under the general common law of agency, we consider the hiring party's right to control the manner and means by which the product is accomplished." Cmty. for Creative Non-Violence v. Reid, 490 U.S. 730, 751–52 (1989) (listing factors indicative of this right to control).

HeinOnline -- 75 S. Cal. L. Rev. 378 2001-2002

Many, if not most, of the creative participants in a sound recording, however, are not record label employees. The most obvious examples are the featured vocalists and musicians, who are usually independent contractors who have signed exclusive recording contracts with a record label. Even nonfeatured musicians and vocalists, however, often will be independent contractors rather than employees under the *CCNV* standard. Similarly, a producer or a sound engineer who is not a record-label employee also may make a substantial creative contribution to a sound recording, and thus may have a legitimate authorial claim. In order for the creative contributions of such independent contractors to constitute works made for hire, thus divesting their creators of any authorship status, those contributions must be found to fit within the "specially ordered or commissioned" prong of the statutory definition.

As the music industry and Congress are now well aware, this is where the problem lies. Only certain types of works can be treated as works made for hire under the "specially commissioned" test. Prior to the 1999 amendment (and again after its retroactive repeal) the list of qualifying works was limited to the following categories, which were first enumerated in the 1976 Act and, until 1999, had never been altered:

> a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas . . . .[20]

The short-lived 1999 amendment would have inserted the phrase "as a sound recording" after "audiovisual work"[21] in order to ensure that the creative efforts of independent contractors participating in a sound recording would be eligible for work-made-for-hire status.

In its retroactive repeal of this controversial amendment, however, the 106th Congress did not simply delete the phrase it had previously inserted. Instead, responding to the RIAA's concern that a simple repeal would suggest that Congress did not intend sound recordings to be works made for hire,[22] Congress added additional new language to the "work made for

20. 17 U.S.C. § 101.

21. In a truly "technical" glitch, the drafters placed a comma at the end of the inserted phrase, rather than at the beginning, thus causing the amended phrase to read "as a part of a motion picture or other audiovisual work as a sound recording," which made no sense at all. *See* 1 Nimmer on Copyright (MB) § 5.03[B][2][a][ii] n.121.7 (Aug. 2001).

22. *Congress Repeals 1999 Copyright Act Amendment Making Sound Recordings Eligible to Be Classified As "Works Made for Hire,"* 22 ENT. L. REP. 8 (2000).

HeinOnline -- 75 S. Cal. L. Rev. 379 2001-2002

hire" definition. The new amendment adds the following passage to the end of that definition:

> In determining whether any work is eligible to be considered a work made for hire under paragraph (2), neither the amendment contained in section 1011(d) of the Intellectual Property and Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106-113, nor the deletion of the words added by that amendment—
>
> (a) shall be considered or otherwise given any legal significance, or
>
> (b) shall be interpreted to indicate congressional approval or disapproval of, or acquiescence in, any judicial determination,
>
> by the courts or the Copyright Office. Paragraph (2) shall be interpreted as if both section 2(a)(1) of the Work Made for Hire and Copyright Corrections Act of 2000 and section 1011(d) of the Intellectual Property Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106-113, were never enacted, and without regard to any inaction or awareness by the Congress at any time of any judicial determinations.[23]

This legislative clutter gives new meaning to the phrase "abundance of caution."[24] More importantly, it leaves crucial legal questions unanswered. By returning the law to the status quo, and expressly refusing to resolve the dispute over the status of sound recordings, Congress has returned the issue

---

23. 17 U.S.C. § 101 ("work made for hire" definition), *as amended by* Work Made For Hire and Copyright Corrections Act of 2000, § 2(a) Pub. L. No. 106-379, 114 Stat. 1444 (2000).

24. Reaching for a belt to match its suspenders, the House Report notes:

> Sec. 2. Work Made for Hire. Paragraph (a)(1) undoes the amendment to the "work made for hire" definition in section 101 of title 17 made by section 1101(d) of IPCORA which was enacted on November 29, 1999, by deleting the words "as a sound recording" that were added by that amendment.
>
> Paragraph (a)(2) adds language to the definition of "work made for hire" to make clear that paragraph (2) of the definition is to be interpreted as if neither section 1011(d) of IPCORA nor this bill had ever been considered or enacted by Congress. This provision is intended to ensure that the facts and substance of consideration and enactment of section 1101(d) of this bill are not used to support any particular interpretation of paragraph (2) of the definition of "work made for hire." The committee wishes to make clear that neither section 1101(d) nor this bill are to be construed as expressing or implying any view as to the proper interpretation of paragraph (2) of the "work made for hire" definition before November 29, 1999 or after enactment of this bill. The language makes clear that, notwithstanding any principles of statutory construction or cases (such as *American Automobile Association v. United States*, 367 U.S. 687 (1961)), that might suggest otherwise, when interpreting paragraph (2) of the "work made for hire" definition, courts and the Copyright Office are not to consider or otherwise attribute any meaning to section 1101(d) or this bill's deletion from the Copyright Act of the language added by section 1101(d). Moreover, courts and the Copyright Office are not to consider the enactment of either section 1101(d) or of this bill as an indication of congressional awareness, approval, disapproval, acquiescence or non-acquiescence in any past judicial determinations concerning this issue.
>
> Paragraph (b)(1) restores the status quo prior to November 29, 1999, by expressly making the bill retroactive to November 29, 1999.

H.R. Rep. No. 106-861 at 4–5 (2000), *reprinted in* 2000 U.S.C.C.A.N. 1374, 1377.

HeinOnline -- 75 S. Cal. L. Rev. 380 2001-2002

to the federal courts with no clarification whatsoever. Thus, post-repeal, it is once again necessary to determine whether a sound recording can qualify under any of the enumerated categories of specially commissioned works.

It appears that, until recently, record companies had simply assumed that sound recordings fit one or more of the "specially commissioned" categories,[25] an assumption that has, at times, been shared by the Register of Copyrights.[26] Until the late 1990s, however, the courts had never examined that assumption. When the issue was finally litigated, the courts rejected every attempt to fit sound recordings into the enumerated categories.[27]

In the only appellate decision on this issue, the Fifth Circuit in 1997 held, in *Lulirama Ltd. v. Axcess Broad. Services, Inc.*, that the category of "audiovisual works" in the work-made-for-hire definition did not include purely audio works such as sound recordings.[28]

Two years later, a federal district court held in *Ballas v. Tedesco*[29] that the sound recordings at issue in that case[30] were "not a work for hire under the second part of the statute because they do not fit within any of the nine enumerated categories,"[31] and added that "[t]he definition does not provide that a sound recording standing alone qualifies as a work for hire under

25. *Copyright Status of Sound Recordings: Hearing Before House Subcomm. on Courts & Intellectual Prop., Comm. on Judiciary*, 106th Cong. (2000) (statement of Hilary Rosen, President and CEO, Recording Industry Association of America) ("Sound recordings were already eligible for work for hire status under pre-existing law. An amendment was not needed to make them so."); Sidney A. Diamond, *Sound Recordings and Phonorecords: History and Current Law*, 1979 ILL. L. FORUM 337, 357–58 (stating that sound recordings "almost invariably come under the 'work made for hire' provisions of the Act").

26. "In the United States, where sound recordings are protected generally as works made for hire, they are under copyright for at least 75 years." *Copyright Term, Film Labeling, & Film Preservation Legislation: Hearings on H.R. 989, H.R. 1248, & H.R. 1734 Before the Subcomm. on Courts & Intellectual Prop. of the House Comm. on the Judiciary*, 104th Cong. 176–78 (1995) (statement of Marybeth Peters, Register of Copyrights).

27. Lulirama Ltd. v. Axcess Broad. Services, Inc., 128 F.3d 872, 878 (5th Cir. 1997); Staggers v. Real Authentic Sound, 77 F. Supp. 2d 57, 64 (D.D.C. 1999); Ballas v. Tedesco, 41 F. Supp. 2d 531, 541 (D.N.J. 1999).

28. *Lulirama, Ltd.*, 128 F.3d at 878.

29. 41 F. Supp. 2d 531 (D.N.J. 1999).

30. The recordings at issue consisted of music from the film *Titanic* which had been arranged for competitive ballroom dancing. *Id.* at 533–34. The plaintiff, a ballroom dancer, had made no creative contribution to the recordings; he was neither an author of the underlying musical compositions nor a performer on the recordings. *Id.* at 539–40 & n.20. He invoked the work-made-for-hire rules in an effort to defeat the sole authorship claim of the record's producer, who had been commissioned by the plaintiff to produce the CD for a $15,000 fee. *Id.* at 534.

31. *Id.* at 541. The court added that the sound recordings at issue also failed to qualify as works made for hire for a second, independent, reason—the absence of a signed, written agreement between the parties. *Id.*

HeinOnline -- 75 S. Cal. L. Rev. 381 2001-2002

§ 101(2)."[32] Later that same year, the district court opinion in *Staggers v. Real Authentic Sound*[33] cited *Lulirama, Ltd.* and *Ballas* in holding that "a sound recording does not fit within any of the nine categories" of commissioned works enumerated in the statutory definition.[34]

Although the narrow holding in *Lulirama, Ltd.* makes sense as a matter of statutory construction, it does not foreclose the possibility that sound recordings might qualify under one of the eight enumerated categories other than "audiovisual works." In contrast, the two district court opinions reach the sweeping conclusion that sound recordings fit into *none* of the enumerated categories. Neither opinion, however, attempts to analyze the individual categories and explain why none should be interpreted to include sound recordings.[35] Nor do these opinions distinguish between sound recordings in general and the specific sound recordings at issue in these two cases. Both opinions appear to articulate a per se rule that sound recordings as a class cannot fit within any of the nine categories.

Neither of the district court opinions indicates whether the party asserting work-made-for-hire status made any attempt to argue that a sound recording could qualify as a work made for hire on the ground that each recorded song on an album typically has been "specially ordered or commissioned for use as a contribution to a collective work" or "as a compilation." Yet, it was apparently on this basis that record companies assumed, for many years, that sound recordings could be works made for hire.[36] The record companies' assumption is even endorsed in the legislative history of the 1999 amendment.[37]

---

32. *Id.*

33. 77 F. Supp. 2d 57 (D.D.C. 1999).

34. *Id.* at 64.

35. For one commentator's attempt to undertake the more rigorous analysis that the district courts so casually omitted, see Rafoth, *supra* note 4, at 1040–45.

36. *See Congress Repeals 1999 Copyright Act, supra* note 22; Jerome N. Epping, Jr., Comment, *Harmonizing the United States and European Community Copyright Terms: Needed Adjustment or Money for Nothing?*, 65 U. CIN. L. REV. 183, 198 (1996).

Ironically, in *UMG Recordings, Inc. v. MP3.com, Inc.*, the plaintiff record label argued that each individual track on a CD should constitute a separate work for the purpose of determining statutory damages under 17 U.S.C. § 504(c)(1) (2000), because each track had "independent economic value." 109 F. Supp. 2d 223, 224–25 (S.D.N.Y. 2000). The district court rejected that argument, holding that a music CD is a "compilation," and thus constitutes a single work for purposes of § 504(c). *UMG Recordings, Inc.*, 109 F. Supp. 2d at 225.

37. For example, the amendment is described as merely "a technical and clarifying change to the definition of a 'work made for hire.'" H.R. Rep. No. 106-464 at 105 (1999). As the Conference Report explained:

> Sound recordings have been registered in the Copyright Office as works made for hire since being protected in their own right. This clarifying amendment shall not be deemed to imply

HeinOnline -- 75 S. Cal. L. Rev. 382 2001-2002

Nothing in the pre-1999 legislative history of the current copyright statutes, however, supports the proposition that Congress intended to treat sound recordings as contractual works made for hire when it enacted the 1976 Act. The legislative history of the Sound Recordings Act of 1971 ("1971 Act"),[38] which first extended federal copyright protection to sound recordings, states that:

> The copyrightable elements in a sound recording will usually, though not always, involve "authorship" both on the part of the performers whose performance is captured and on the part of the record producer responsible for setting up the recording session, capturing and electronically processing the sounds, and compiling and editing them to make the final sound recording. There may be cases where the record producer's contribution is so minimal that the performance is the only copyrightable element in the work, and there may be cases (for example, recordings of birdcalls, sounds of racing cars, et cetera) where only the record producer's contribution is copyrightable. As in the case of motion pictures, the bill does not fix the authorship, or the resulting ownership of sound recordings, but leaves these matters to the employment relationship and bargaining among the interests involved.[39]

This statement was written against the backdrop of the work-made-for-hire definition contained in the Copyright Act of 1909 ("1909 Act"), which, although literally applicable only to employment relationships, by 1971 had been judicially interpreted to include most commissioned works, regardless of their nature, even in the absence of a written work-made-for-hire agreement.[40] Under the 1909 Act, the term "author" included "an employer in the case of works made for hire,"[41] but these terms were otherwise undefined. Early case law excluded commissioned works from the definition,[42] but many courts held that the copyright in such works was implicitly assigned by the creator to the commissioning party.[43] By the

---

> that any sound recording or any other work would not otherwise qualify as a work made for hire in the absence of the amendment . . . .

*Id.* at 106.

38. Pub. L. No. 92-140, 85 Stat. 391 (1971).

39. H.R. Rep. No. 92-487 (1971), *reprinted in* 1971 U.S.C.C.A.N. 1566, 1570.

40. Cmty. for Creative Non-Violence v. Reid, 490 U.S. 730, 737 (1989). *See also* Mary LaFrance, *Authorship, Dominance, and the Captive Collaborator: Preserving the Rights of Joint Authors*, 50 EMORY L.J. 193, 211–12 (2001) (reviewing this history).

41. Copyright Act of 1909, ch. 320, § 23 Stat. 1075, 17 U.S.C. § 26 (repealed 1978).

42. *See Cmty. for Creative Non-Violence*, 490 U.S. at 743–45; Meltzer v. Zoller, 520 F. Supp. 847, 855–56 (D.N.J. 1981) (collecting authorities).

43. *Cmty. for Creative Non-Violence*, 490 U.S. at 744. *See, e.g.*, Lin-Brook Builders Hardware v. Gertler, 352 F.2d 298, 300 (9th Cir. 1965); Shapiro, Bernstein & Co. v. Jerry Vogel Music Co., 221 F.2d 569, 570 (2d Cir. 1955); Yardley v. Houghton Mifflin Co., 108 F.2d 28, 31 (2d Cir. 1939); Cory v. Physical Culture Hotel, 88 F.2d 411 (2d Cir. 1937); Lumiere v. Robertson-Cole Distrib. Corp., 280 F.

HeinOnline -- 75 S. Cal. L. Rev. 383 2001-2002

1970s, courts had merged this "presumptive assignment" concept with the work-made-for-hire doctrine, and began to treat commissioned works as works made for hire even without express Congressional authorization.[44] Beginning in the 1960s, however, Congress was drafting a new work-made-for-hire definition for inclusion in the 1976 Act.[45] When the Sound Recordings Act of 1971 was enacted, Congress had already drafted most of the work-made-for-hire definition that was ultimately enacted in 1976.[46] This passage from the legislative history of the 1971 Act clearly recognizes that authorship and ownership are different statuses, and while it leaves open the possibility that each status may be the result of bargaining, it does not affirmatively endorse the assignability of authorship (as opposed to ownership).

Congress spent nearly fifteen years negotiating, drafting, and revising the language in the work-made-for-hire definition.[47] Much of this deliberation focused on which categories of specially commissioned copyrightable works should be eligible for contractually-created work-made-for-hire status. The 1965 version of the bill identified only four categories of works eligible for this status—works created "as a contribution to a collective work, as a part of a motion picture, as a

550 (2d Cir. 1922); Lumiere v. Pathe Exch., 275 F. 428 (2d Cir. 1921). Under the 1909 Act, common law copyright transfers (assignments and exclusive licenses) did not have to be in writing, which allowed the courts to evolve this notion of implied assignment. *See* 1 Nimmer on Copyright, *supra* note 21, at § 5.03[B][2][c] (May 2000). In contrast, under the 1976 Act assignments and exclusive licenses of copyrights must be in writing. 17 U.S.C. § 204(a) (2000); *id.* § 101 (defining a copyright "transfer").

44. Self-Realization Fellowship Church v. Ananda Church of Self-Realization, 206 F.3d 1322, 1327 (9th Cir. 2000) (noting that during the last ten years of the 1909 Act, courts had expanded the work-made-for-hire category to include works created outside of traditional employment relationships, "as long as the hiring party had the 'right to control or supervise the artist's work'"), *cert. denied*, 121 S.Ct. 881 (2001); Easter Seal Soc'y for Crippled Children & Adults, Inc. v. Playboy Enters., 815 F.2d 323, 325–27 (5th Cir. 1987) (tracing the evolution of the "presumptive assignment" rule into a broadened "work made for hire" definition). *See, e.g.*, Murray v. Gelderman, 566 F.2d 1307, 1310–11 (5th Cir. 1978); Siegel v. Nat'l Periodical Publ'ns, Inc., 508 F.2d 909, 914 (2d Cir. 1974); Picture Music, Inc. v. Bourne, Inc., 457 F.2d 1213, 1217 (2d Cir. 1972); Brattleboro Publ'g Co. v. Winmill Publ'g Corp., 369 F.2d 565, 567–68 (2d Cir. 1966). *See generally* 1 Nimmer on Copyright, *supra* note 21, § 5.03[B][1][a][i] (describing judicial expansion of work-made-for-hire concept in last dozen years of 1909 Act to include hiring parties that had right to control or supervise).

45. The 1976 Act limited works made for hire to works created by bona fide employees and to works of specific types created pursuant to written work-made-for-hire agreements, 17 U.S.C. § 101, and required all copyright assignments (other than by operation of law) to be in writing, *id.* § 204(a).

46. *See infra* notes 50–51 and accompanying text.

47. *Cmty. for Creative Non-Violence*, 490 U.S. at 743–47 (recounting this history); Rafoth, *supra* note 4, at 1048–50 (similar).

HeinOnline -- 75 S. Cal. L. Rev. 384 2001-2002

translation, or as a supplementary work."[48] The Supreme Court described Congress' rationale for selecting these categories as follows:

> The interested parties selected these categories because they concluded that these commissioned works, although not prepared by employees and thus not covered by the first subsection, nevertheless should be treated as works for hire because they were ordinarily prepared "at the instance, direction, and risk of a publisher or producer." The Supplementary Report [of the Register of Copyrights] emphasized that only the "four special cases specifically mentioned" could qualify as works made for hire; "[o]ther works made on special order or commission would not come within the definition."[49]

As of 1966—five years before the Sound Recordings Act was enacted—Congress had already extensively debated which categories of works could be contractual works made for hire, without ever considering sound recordings as an eligible category, no doubt because, at that time, sound recordings were not even eligible for federal copyright protection. In 1966, four more categories of commissioned works were added—compilations, instructional texts, tests, and atlases.[50] The only substantive change between the 1966 version and § 101 as enacted in 1976 was the addition of "answer material for a test" in the 1976 bill.[51] Thus, even though Congress granted federal copyright protection to sound recordings in the 1971 Act, and even though it continued to deliberate on the scope of works made for hire after 1971, it continued to omit sound recordings from the list of commissioned works eligible for work-made-for-hire status.

Although in 1975 Congress considered adding one other category of works to the enumerated list—"photographic or other portrait[s]"[52]—this proposal was rejected on the advice of the Register of Copyrights, who argued that:

> The addition of portraits to the list of commissioned works that can be made into "works made for hire" by agreement of the parties is difficult to justify. Artists and photographers are among the most vulnerable and poorly protected of all the beneficiaries of copyright law, and it seems clear that, like serious composers and choreographers, they were not

48. *Cmty. for Creative Non-Violence*, 490 U.S. at 746 (citing S. 1006, H.R. 4347, H.R. 5680, H.R. 6835, 89th Cong., 1st Sess. § 101 (1965)).

49. *Id.*

50. H.R. Rep. No. 89-2237, at 115–16 (1966).

51. *Cmty. for Creative Non-Violence*, 490 U.S. at 747.

52. This category was actually included in the version of the 1976 Act originally passed by the Senate, S. 22, 94th Cong., § 101 (1975), but was deleted from the version that was ultimately enacted. *See Cmty. for Creative Non-Violence*, 490 U.S. at 747. *See also* 1 Nimmer on Copyright, *supra* note 21, § 5.03[B][2][c] n. 155 (May 2000).

HeinOnline -- 75 S. Cal. L. Rev. 385 2001-2002

intended to be treated as "employees" under the carefully negotiated definition in § 101.[53]

Thus, at no point in the lengthy evolution of the work-made-for-hire definition were sound recordings considered for inclusion in the commissioned works category. Similarly, the legislative history of the 1971 Act, which was enacted five years after the new work-made-for-hire definition had been drafted, says nothing about assigning work-made-for-hire status to sound recordings created as commissioned works. The legislative history of the 1976 Act incorporates verbatim a number of passages from the legislative history of the 1971 Sound Recordings Act.[54] In fact, Congress enacted the 1971 Act (rather than simply waiting to address sound recording copyrights in the 1976 Act) in order to avoid any unnecessary delay in granting copyright protection to sound recordings.[55] Because the § 101 work-made-for-hire definition was substantially complete even before Congress passed the 1971 Act, Congress could not have been under the impression, in either 1971 or 1976, that sound recordings already qualified as works made for hire in the absence of an employment relationship. It is especially difficult to believe that Congress passed the 1976 Act either assuming or intending that commissioned sound recordings would qualify as works made for hire, yet failed to make the slightest mention of that intent in the 1971 Act, the 1976 Act, or the accompanying legislative reports. Indeed, in light of Congress' lengthy deliberations on the categories of works that could be the subject of valid work-made-for-hire agreements, the absence of sound recordings from the § 101 definition as enacted in 1976—indeed, the complete absence of any discussion of sound recordings in the history of that section—contrasts sharply with the explicit inclusion of motion pictures and audiovisual works in the statutory language itself.

Throughout Congress' deliberations on the 1976 Act, the contractual work-made-for-hire provisions included only two categories of works that

53. *Cmty. for Creative Non-Violence*, 490 U.S. at 747 n.13 (quoting Second Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1975 Revision Bill, Chapter XI, 12–13 (1975)).

54. Universal City Studios v. Sony Corp. of Amer., 659 F.2d 963, 967–68 n5. (9th Cir. 1981) (quoting 4 Nimmer on Copyright, *supra* note 21 § 13.05[F][5] at 13-96 n.159 (1981)), *rev'd on other grounds*, 464 U.S. 417 (1984). *See also* United States v. Moghadam, 175 F.3d 1269, 1272 n.2 (11th Cir. 1999) (noting that 1976 Act incorporated the primary elements of the 1971 Act); Agee v. Paramount Communications, 853 F. Supp. 778, 787 (S.D.N.Y. 1994) (using 1971 Act's legislative history to construe § 114 of the 1976 Act, and noting that the latter "incorporated the primary elements of the Sound Recording Act"), *aff'd in part, rev'd in part, remanded*, 59 F.3d 317 (2d Cir. 1995).

55. H.R. Rep. No. 92-487 (1971), *reprinted in* 1971 U.S.C.C.A.N 1566, 1569; Diamond, *supra* note 25, at 350.

HeinOnline -- 75 S. Cal. L. Rev. 386 2001-2002

might reasonably be interpreted to include sound recordings[56]—compilations and collective works. Arguably, most commercially distributed music recordings fit the definition of both a "compilation" and a "collective work," as those terms are used in § 101.[57] Thus, a reasonable argument can be made that the record companies have always qualified as authors of such works, provided that they executed work-made-for-hire agreements with the individual artists involved. For purposes of this argument, the reference to "compilations" in § 101 would not necessarily lead to the conclusion that a record label is the author of *each* recorded performance on a CD. To say that a record company is the author of a "compilation" means only that the record company has authored the selection and arrangement of copyrightable works contained in that compilation, rather than the individual works that it comprises.[58] The definition of works made for hire, however, applies differently to compilations than it does to collective works; specifically, it applies to "a work specially ordered or commissioned for use as a contribution to a collective work, [or] . . . as a compilation." Thus, in the case of compilations, the statute allows work-made-for-hire status for the selection and arrangement of individual components, but does not provide for work-made-for-hire status for the individual components themselves. In contrast, in the case of a collective work, *each contribution* to the collection is expressly stated to be eligible for work-made-for-hire status.[59] Thus, the individual recorded performances on an album would seem to qualify as works made for hire if they are "specially ordered or commissioned" as a contribution to the collected works included on the album.

---

56. 17 U.S.C. § 101 (2000) (defining "sound recordings").

57. Section 101 defines these terms as follows:

> A "collective work" is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole.
>
> A "compilation" is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term "compilation" includes collective works.

*Id.*

58. *Id.* § 103(b).

59. Many works can be both a contribution to a compilation and a contribution to a collective work. A collective work is simply a narrower classification than a compilation. The difference is that a collective work is a compilation of "separate and independent" works, which excludes "compilations of information or other uncopyrightable material and works published with editorial revisions or annotations." H.R. Rep. No. 94-1476, at 122 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5737. *See* 17 U.S.C. § 101 (defining "compilations" and "collective works"). Copyrightable contributions that fit into both categories can be contractual works made for hire, since nothing in § 101 *forecloses* work-made-for-hire status for an individual copyrightable contribution to a compilation.

HeinOnline -- 75 S. Cal. L. Rev. 387 2001-2002

If Congress intended to include sound recordings in the "collective works" category for purposes of the work-made-for-hire definition, it seems odd that the legislative history of the "work made for hire" and "collective works" definitions does not even mention sound recordings; especially in light of the fact that the 1971 Act was enacted between the drafting of these definitions and their enactment into law, indicating that Congress was acutely aware when it enacted the 1976 Act that sound recordings constituted a new and distinct category of copyrightable works. Yet, the House Report lists only "periodical issues, anthologies, symposia, and collections of the discrete writings of the same authors" as examples of collective works.[60] The last category is broad enough to include sound recordings, but the omission of any specific reference to them still suggests that when Congress included collective works in the work-made-for-hire definition it was unaware that this category might be interpreted to include most sound recordings.

Thus, it seems quite clear that in its deliberations leading to the work-made-for-hire provisions in the 1976 Act, Congress did not consider whether sound recordings should be eligible for this status. Although Congress granted copyright protection to sound recordings in 1971,[61] just five years before the passage of the 1976 Copyright Act, the legislative history of the work-made-for-hire provisions of the 1976 Act does not mention sound recordings at all. When one considers the fact that the categories included in the final version of the work-made-for-hire definition were the product of nearly fifteen years of deliberation and compromise,[62] this omission is significant. As the Supreme Court noted in *CCNV,* where it rejected a broad interpretation of the "employee" prong of the work-made-for-hire test, "[s]trict adherence to the language and structure of the Act is particularly appropriate where, as here, a statute is the result of a series of carefully crafted compromises."[63] A narrow interpretation of the enumerated categories seems even more appropriate when one considers that in spite of the many interest groups that participated in crafting the work-made-for-hire provisions—including

60. H.R. Rep. No. 94-1476, at 122.

61. Sound Recordings Act of 1971, Pub. L. No. 92-140, 85 Stat. 391.

62. *See supra* notes 38–60 and accompanying text. Congress began deliberation on the work-made-for-hire provision in 1961, and while most of its content was settled by 1966, the last revisions were not in place until 1975. *See* Cmty. for Creative Non-Violence v. Reid, 490 U.S. 730, 743–49 (1989).

63. *Cmty. for Creative Non-Violence*, 490 U.S. at 748 n.14.

HeinOnline -- 75 S. Cal. L. Rev. 388 2001-2002

literary authors, publishers, composers, and lyricists—recording artists and record labels did not participate.[65]

Nonetheless, as a matter of plain-language statutory interpretation, the typical sound recording consists of multiple musical performances, and is therefore "collective." Thus, the "collective works" category is literally broad enough to include such sound recordings, even without any specific mention thereof in the legislative history. Accordingly, there is a strong argument, based on the literal language of the statute, that the inclusion of "a contribution to a collective work" in the list of works eligible for work-made-for-hire status makes the typical commercial sound recording eligible for such status.[66]

---

64. *Id.* at 746 n.12 (citing *Copyright Law Revision: Hearings on H.R. 4347, 5680, 6831, 6835 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 89th Cong., 1st Sess., pt. 1, 134 (1965)).

65. *See Cmty. for Creative Non-Violence*, 490 U.S. at 746 n.12.

66. In general, commentators have neglected to give adequate consideration to this "collective work" argument. Often, they treat it as subsumed within the "compilation" argument, and reject it (implicitly or explicitly) accordingly. *See, e.g.*, M. WILLIAM KRASILOVSKY & SIDNEY SHEMEL, THIS BUSINESS OF MUSIC: THE DEFINITIVE GUIDE TO THE MUSIC INDUSTRY 204 (8th ed. 2000) (recognizing but reaching no conclusion on the compilation argument and failing to raise a separate colleetive work argument); Jane C. Ginsburg, *Domestic and International Copyright Issues Implicated in the Compilation of a Multimedia Product*, 25 SETON HALL L. REV. 1397, 1408 (1995) (stating that "the categories of commissioned works capable of being works made for hire do *not* include sound recordings," but citing no authority); Rafoth, *supra* note 4, at 1042–44 (analyzing the compilation argument and implying that this analysis defeats the collective work argument as well).

The fact that record labels frequently release one or two tracks from a CD as "singles," it has been suggested, indicates that the artist is really contracting to produce individual song recordings rather than an entire compilation. KRASILOVSKY & SHEMEL, *supra*, at 204 (discussing but not endorsing this argument). This argument is not persuasive. Under current industry praetice, a recording artist typically contracts to produce CDs that contain multiple songs. The fact that particular recorded songs from this collection may be selected for individual release—largely for the purpose of promoting the compilation—does not negate the fact that they were originally commissioned for inclusion in a compilation. *Cf.* UMG Recordings, Inc. v. MP3.com, Inc., 109 F. Supp. 2d 223, 224–25 (S.D.N.Y. 2000) (rejecting record label's argument that each individual track on a CD is a separate work for purposes of determining statutory damages under § 504(c)(1)).

Interestingly, another commentator reaches the same conclusion through the opposite rationale. In contrast to the argument that the recorded performances on a CD are not parts of a collective work because they are created as free-standing individual "singles," this commentator has suggested that such performances are not parts of a collective work because the *entire album* constitutes a single unitary work. Rafoth, *supra* note 4, at 1043. This argument, too, is unpersuasive. It is, of course, true that some sound recordings are not collective works at all—for example, operas, reeordings of plays, most "books on tape," and some sound effects recordings and comedy recordings. An individual track from an album, when released as a "single" for radio air play and other marketing purposes, would not itself be a collective work, although it would still be a part of a collective work because it is one of several tracks on the album. Because the copyright statutes do not define a "work," some copyrightable sound recordings may fall close to the line between collective works and individual multi-faceted works. While an opera may not be a colleetive work, because its individual components flow into one another with a degree of continuity that resembles the continuous flow of scenes in a play or a motion picture, popular music albums would seem to fall on the other side of the line. The individual performances are

HeinOnline -- 75 S. Cal. L. Rev. 389 2001-2002

The federal courts are certainly well equipped to resolve this conflict as a matter of statutory interpretation and, left to their own devices, they will do so, even if it means that the Supreme Court must ultimately step in to resolve a circuit split. Yet, regardless of how the courts answer the question under current law, their answer is hardly a substitute for deliberative policymaking. Until its recent flip-flop on the issue, Congress had paid little attention to the authorship status of sound recordings, or the impact of that status on termination rights.[67] Thus, regardless of the federal courts' ability to decide whether sound recordings are works made for hire under *current* law, the significance of this issue as a matter of policy makes it far more important to address the question whether sound recordings *should* qualify as works made for hire.

For these reasons, any judicial resolution of the statutory interpretation question will be less satisfactory than a clear statement of congressional intent, based on careful consideration of the competing interests at stake. Accordingly, recording artists, record labels, and the consuming public, are entitled to a well-considered congressional resolution of this issue.

## III. ALTERNATIVES

In responding to the uncertain status of sound recordings, Congress has several options. One option is to do nothing. This is the approach Congress chose in its repeal of the sound recordings amendment in 2000, leaving it to the federal courts, and ultimately, perhaps, the Supreme Court, to determine whether sound recordings can be contractual works made for hire. In choosing this option, Congress avoided addressing the underlying policy question of the extent to which musical performers and other contributors to sound recordings should enjoy authorship rights in those

normally recorded separately rather than in one continuous recording session. The end of one performance does not usually flow seamlessly into the beginning of the next one. Each recorded performance is typically performed separately from the rest of the album (and, indeed, in public performances an album is almost never performed in its entirety). In addition, individual recorded performances from an album are selectively released by the record label as "singles" for radio play, are considered for various music industry awards apart from the rest of the album, are typically licensed separately from the rest of the album (for use in motion picture soundtracks, background music services, or television commercials, for example), and are treated as separate works by music critics writing reviews of the album and by performing rights societies, such as ASCAP, BMI, and SESAC, which monitor public performances of the musical compositions included in those recorded performances. Thus, even though an artist or producer may use an underlying theme or idea to determine which performances to include on an album, and in what sequence, the performances on a typical popular music album would seem to fit comfortably into the category of "contributions to collective works."

67. *Cf. supra* notes 38–39 and accompanying text.

HeinOnline -- 75 S. Cal. L. Rev. 390 2001-2002

recordings. If the trend of current case law continues, the courts will ultimately hold that sound recordings cannot be contractual works for hire under § 101. As discussed above, this resolution is not inevitable, but it is reasonable and perhaps even persuasive, as a matter of statutory interpretation. As a matter of public policy, however, it leads to troubling consequences which are outlined in Part III.A below.

Of course, Congress could affirmatively amend the Copyright Act to state unambiguously that sound recordings *cannot* be contractual works made for hire. While this would unburden the courts, it would also lead to the same troubling consequences as achieving this result through the courts.

Alternatively, Congress can amend the Copyright Act either (1) to permit sound recordings to qualify as contractual works made for hire, or (2) to allow parties by contract to confer on sound recordings certain characteristics that would make them, for most practical purposes, the functional equivalent of contractual works made for hire. Those characteristics would include a copyright term that is not dependent on the life of an author, and the assignability, waivability, or elimination of termination rights as discussed in Parts III.B and III.C below.

The first option—the one that Congress selected in the retroactive 2000 legislation—is the worst way to address the sound recordings issue. First, the authorship rules for sound recordings are an important and sensitive matter that should be resolved only after a careful assessment of the competing public and private interests. Second, the outcome of such a careful assessment is likely to be contrary to the recent holdings of the federal courts that have interpreted the work-made-for-hire definition under the 1976 Act because treating sound recordings as ineligible for contractual work-made-for-hire status, while arguably a correct interpretation of the 1976 Act, nonetheless presents serious problems of impracticability. And third, in the course of this assessment, Congress may be able to resolve some issues arising from the convergence of computer, audio, and audiovisual technologies that could, in the very near future, make it increasingly difficult to apply those copyright rules that have tacitly relied on neatly classifying works according to the traditional copyright categories identified in § 102.[68]

68. 17 U.S.C. § 102 (2000).

HeinOnline -- 75 S. Cal. L. Rev. 391 2001-2002

### A. OPTION 1: RETAINING THE STATUS QUO

If Congress does nothing, and if courts continue to hold that sound recordings are not eligible for contractual work-made-for-hire status, then sound recordings of music will in most cases have to be classified as joint works because they involve significant creative contributions from several parties who share the intent to merge those contributions into a unitary whole.[69] The identity of the complete joint authorship group will often be highly uncertain because most sound recordings involve the participation of several musicians and vocalists; one or more producers, sound engineers, or both; one or more composers and lyricists who may create compositions specifically for the recording; and perhaps other creative participants.[70] Because authorship, for copyright purposes, can never be determined or altered by contract except under a valid work-made-for-hire agreement,[71] in

---

69. Section 101 of the Copyright Act defines a joint work as "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." *Id.* § 101. The legislative history of the 1976 Act acknowledges that sound recordings will frequently have multiple authors:

> The copyrightable elements in a sound recording will usually, though not always, involve "authorship" both on the part of the performers whose performance is captured and on the part of the record producer responsible for setting up the recording session, capturing and electronically processing the sounds, and compiling and editing them to make the final sound recording. There may, however, be cases where the record producer's contribution is so minimal that the performance is the only copyrightable element in the work, and there may be cases (for example, recordings of birdcalls, sounds of racing cars, et cetera) where only the record producer's contribution is copyrightable.

H.R. Rep. No. 94-1476, at 56 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5669.

70. The many problems inherent in determining which participants in a collaborative effort are entitled to joint author status are well documented. *See, e.g.*, Aalmuhammed v. Lee, 202 F.3d 1227, 1231–34 (9th Cir. 2000) (considering whether an expert consultant's contribution to a motion picture constitutes "authorship"); Thomson v. Larson, 147 F.3d 195, 200–02 (2d Cir. 1998) (disregarding substantiality of putative co-author's contribution to a work, on the ground that dominant author's lack of subjective intent to share authorship was sufficient in itself to defeat joint authorship claim); Erickson v. Trinity Theatre, 13 F.3d 1061, 1067–71 (7th Cir. 1994) (holding that joint authorship requires that each party make an independently copyrightable contribution *and* intend one another to be joint authors); Childress v. Taylor, 945 F.2d 500, 504–08 (2d Cir. 1991) (holding that each co-author's contribution must be independently copyrightable, but noting contrary views on this "troublesome" issue; also holding that both authors must subjectively intend to "regard themselves as joint authors," even though this requirement does not appear in the literal language of the copyright statutes); 1 Nimmer on Copyright, *supra* note 21, at §§ 6.01–6.07; Margaret Chon, *New Wine Bursting from Old Bottles: Collaborative Internet Art, Joint Works, and Entrepreneurship*, 75 OR. L. REV. 257 (1996); Rochelle Cooper Dreyfuss, *Collaborative Research: Conflicts on Authorship, Ownership, and Accountability*, 53 VAND. L. REV. 1161 (2000); Roberta Rosenthal Kwall, *Author-Stories: "Narratives Implications for Moral Rights and Copyright's Joint Authorship Doctrine*, 75 S. CAL. L. REV. 1 (2001); LaFrance, *supra* note 40, at 194–203, 255–63; Laura G. Lape, *A Narrow View of Creative Cooperation: The Current State of Joint Work Doctrine*, 61 ALB. L. REV. 43 (1997); Russ VerSteeg, *Defining "Author" for Purposes of Copyright*, 45 AM. U. L. REV. 1323 (1996).

HeinOnline -- 75 S. Cal. L. Rev. 392 2001-2002

the absence of such an agreement, the uncertainties regarding putative joint authorship cannot be eliminated.[72]

Although recording contracts typically assign copyright ownership to the record label, that assignment remains subject to the authors' non-waivable statutory termination rights.[73] Thus, when the statutory time frame for termination arrives,[74] any uncertainty regarding the work's authorship will make it difficult to determine who may validly terminate the grant,[75] and whether a sufficient majority of the joint authors have joined in the decision to terminate.[76] The same uncertainty will undermine

71. An assignment only affects ownership; it does not change the identity of the author, who in many cases retains significant rights as a matter of law. *See* 17 U.S.C. §§ 106A(b), 201(d), 203(a), 304(c); LaFrance, *supra* note 40, at 242 n. 205, 247–48 nn.228–30.

72. Even where the authorship of a sound recording is addressed through litigation, this resolves the authorship dispute only as between the litigants; other contributors to the recording who are not parties to the litigation are free to raise their own joint work claims in the future. With respect to works that are eligible for work-made-for-hire status, the use of a work-made-for-hire contract removes this uncertainty with respect to all creative contributions made by the parties who execute the contracts.

73. 17 U.S.C. § 203(a) (allowing an author to terminate a copyright assignment or license executed on or after January 1, 1978); *id.* § 304(c) (allowing the author or other party in whom the renewal term vests to terminate a copyright assignment or license executed before January 1, 1978, if the work in question enjoyed copyright protection on that date). The termination right under § 203 applies only to grants by *authors, id.* § 203(a); the § 304(c) termination right applies to the owner(s) of the renewal copyright, who may or may not be the author(s) of the work, as designated in section§ 304(a)(1)(C), *id.* § 304(c).

74. Under § 203, a license or assignment of copyright by an author may be terminated during the five-year period that begins thirty-five years (or forty years, in certain cases) after the grant was executed. *Id.* § 203(a)(3). Under § 304, a license or assignment of copyright by an author may be terminated once, during a five-year period commencing *either* at the end of the fifty-sixth year of the copyright (or on January 1, 1978, if later) *or* at the end of the seventy-fifth year of the copyright. *Id.* §§ 304(c)(3), 304(d).

75. Under § 203, a grant may be terminated by a majority of the authors who executed it. *Id.* § 203(a)(1). Under § 304, a joint author may terminate the grant "to the extent of [that] particular author's share in the ownership of the renewal copyright." *Id.* § 304(c)(1). Under either provision, the share of a deceased author can be exercised only by a majority of the persons who succeed to that author's interest. *Id.* §§ 203(a)(1)–(2), 304(c)(1)–(2).

76. Where a work has joint authors, termination under § 203 will be effective only if (1) in the case of a grant by *one of the authors*, that author (or that author's statutory successors under § 203(a)(2) who control more than half of that author's termination rights) terminates the grant, or (2) in the case of a grant by *two or more* joint authors, a majority of the authors who executed the grant (including a majority of the statutory successors of any deceased author who executed the grant) join in terminating the grant. *Id.* § 203(a)(1).

Because § 304 allows *any* joint author (or statutory successor) to terminate a grant, but only *to the extent of that author's share of the renewal copyright*, it appears that unanimity is required to terminate a grant *completely* under § 304; anything less than a unanimous termination would appear to leave the grantee with a non-exclusive license, as though the grant had been executed by a single joint author in the first place. *See* 3 Nimmer on Copyright, *supra* note 21, § 11.03 [A][1] (May 2000).

HeinOnline -- 75 S. Cal. L. Rev. 393 2001-2002

efforts to determine who owns the rights upon termination,[77] and accordingly, who has the power to assign or license those rights after termination.[78]

Record labels might try to argue that the album itself is a derivative work which is based on each of the underlying recorded contributions of the individual performers, producers, or both. If that were the case, record labels would be entitled to continue exploiting the recorded compilation even after one or more performers or producers had exercised their termination rights.[79] This argument might draw an analogy to motion pictures, which the 1976 House Report indicates should be treated as derivative works with respect to their underlying screenplays.[80] Thus, even if a writer terminates the license to create a motion picture based on the screenplay, the existing motion picture still can be exploited, although a remake would infringe. The analogy is too weak to be persuasive, however. The contribution to a sound recording that is most similar to a screenplay is the musical composition—the individual vocal and instrumental performances, and the creativity injected by the producer, engineer, or both, are more analogous to the contributions of the actors and director of a motion picture, which, absent a written work-made-for-hire agreement, would be considered contributions to a joint work rather than independently copyrightable underlying works from which a separate motion picture copyright is derived.

As an alternative route to invoking the derivative works exception, record labels might argue that an album is a derivative work because it is a collective work and that collective works are themselves a type of derivative work. Although the literal text of the "derivative work" definition is broad enough to support this argument,[81] § 101 provides a

77. Upon termination, all rights covered by the terminated grant revert to the author(s) and/or other persons owning termination interests, including those who did not join in signing the notice of termination. 17 U.S.C. §§ 203(b), 304(c)(6), 304(d).

78. The rules for determining who may execute a post-termination grant are the same as those for determining who may terminate a grant. *Id.* §§ 203(b)(3), 304(c)(6).

79. *See id.* §§ 203(b), 304(c)(6) (derivative works exceptions).

80. *See* H.R. Rep. No. 94-1476, at 127 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5741; 3 Nimmer on Copyright, *supra* note 21, at § 11.02[C][1] (Dec. 2000).

81. Section 101 provides:

> A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a "derivative work."

17 U.S.C. § 101.

HeinOnline -- 75 S. Cal. L. Rev. 394 2001-2002

totally separate definition for "collective work," and neither of these definitions cross-references the other. In contrast, Congress expressly acknowledged the overlap between compilations and collective works through a cross-reference in the "compilation" definition which clarifies that collective works are a subset of compilations.[82] In the absence of similar statutory language, or legislative history, indicating that collective works are also a subset of derivative works, it seems unlikely that a court would construe the reference to "derivative works" in §§ 203 and 304 (the termination provisions) as encompassing collective works as well. Indeed, the House Report suggests that a key difference between compilations and derivative works is that, in the former case, the preexisting materials are merely assembled, whereas in the latter case, they are internally altered. In this context, it seems clear that the Report's reference to compilations includes collective works:

> A "compilation" results from a process of selecting, bringing together, organizing, and arranging previously existing material of all kinds, regardless of whether the individual items in the material have been or ever could have been subject to copyright. A "derivative work," on the other hand, requires a process of recasting, transforming, or adapting "one or more preexisting works."[83]

As this discussion indicates, continuing to deny work-made-for-hire eligibility to sound recordings is likely to lead to costly, repetitive, and tedious litigation regarding whether, and by whom, a grant of rights in a sound recording may be terminated. Such uncertainty, and the attendant expense, impedes the market for copyrighted works, and benefits neither

---

82. *See supra* notes 58–60 and accompanying text.

83. H.R. Rep. No. 94-1476, at 57. The Nimmer treatise expands on this notion:

> [W]hile a compilation consists merely of the selection and arrangement of pre-existing material without any internal changes in such material, a derivative work involves recasting or transformation, *i.e.*, changes in the pre-existing material, whether or not it is juxtaposed in an arrangement with other pre-existing materials. A catalog constitutes a compilation, and a translation of a pre-existing work constitutes a derivative work.

1 Nimmer on Copyright, *supra* note 21, § 3.02 (May 2000) (citation omitted). The same treatise, however, also questions Congress' decision to establish different substantive rules for collective works and for derivative works, since both combine original elements with preexisting works:

> A collective work more nearly resembles a derivative work than it does other forms of compilation. Both collective works and derivative works are based upon pre-existing works that are in themselves capable of copyright. The fact that the originality called for in a collective work consists of the collection and assembling of pre-existing works, while derivative work originality lies in the manner in which a pre-existing work is transformed, would not appear to justify a difference in substantive treatment, and hence, not require a terminological distinction. Collective works might well have been regarded as a form of derivative work, but that is not the terminology adopted by the drafters of the current Copyright Act.

*Id.*

authors nor consumers.[84] Although it may be too late to eliminate the problem with respect to subsisting sound recording copyrights, with respect to future works, a decision to leave current law unchanged is an affirmative decision to impair the marketability of all future sound recordings.

How serious a problem would this be? Much depends on the value of the terminated rights. The copyright in an average sound recording (as distinct from the copyrighted musical compositions performed thereon) is unlikely to have great economic value thirty-five years after its release, even if the sound recording were commercially successful when first released. Some recordings, however, will have enormous market value decades after their initial release, as illustrated by the continuing popularity of the Beatles' original recordings. In addition, even a recording that has little economic value after thirty-five years may have historic or artistic value to one or more of its creators. If current copyright law preserves termination rights in these instances, then if one of the creators of such a recording (or one of their statutory successors under § 203 or 304)[85] seeks to exercise a termination right in order to regain full or partial ownership of the copyright, unless the record label or current copyright owner (if that owner can be located at all) is willing to relinquish the copyright, there is likely to be litigation between the artist and the record label.[86] The record label could take the position, in many cases quite correctly, that the plaintiff does not constitute "a majority of the authors" who executed the original grant to the record company, since the plaintiff was probably one of several performers and other co-creators who could qualify as a joint author of the recording. Such a dispute would require a court to determine the identity of *every person* who was a joint author of the recording, thirty-

84. Courts interpreting the 1976 Act have frequently emphasized the importance of predictability in making copyrighted works marketable. *See, e.g.*, Cmty. for Creative Non-Violence v. Reid, 490 U.S. 730, 749–50 (1989) ("Congress' paramount goal in revising the 1976 Act" was "enhancing predictability and certainty of copyright ownership."); Playboy Enters., Inc. v. Dumas, 53 F.3d 549, 559 (2d Cir. 1995); Schiller & Schmidt, Inc. v. Nordisco Corp., 969 F.2d 410, 412 (7th Cir. 1992) (noting that the requirement of a signed writing to create work made for hire helps "to make the ownership of property rights in intellectual property clear and definite, so that such property will be readily marketable"). *See also* Marci A. Hamilton, *Commissioned Works As Works Made for Hire Under the 1976 Copyright Act: Misinterpretation and Injustice,* 135 U. PA. L. REV. 1281, 1304–05 (1987) (cautioning that ambiguities in "work made for hire" definition could make it difficult for independent contractors to establish clear title and thereby maximize the alienability of their copyrights).

85. 17 U.S.C. §§ 203(a), 304(c)(1)–(2).

86. In some cases, it may be difficult for the artist or statutory successor even to serve the requisite notice of termination on the current owner of the sound recording copyright—for example, where the record label that released the recording no longer exists and/or the rights in question have been divided among several assignees or have been the subject of a series of assignments. *See id.* §§ 203(a)(4), 304(c)(4).

HeinOnline -- 75 S. Cal. L. Rev. 396 2001-2002

five years or more after its creation, when memories have faded and the evidentiary trail is cold. Joint authorship is difficult enough to determine on a full evidentiary record.[87]

Without legislative intervention to eliminate these uncertainties, parties interested in avoiding litigation will be relegated to self-help. The best an artist could accomplish under these circumstances is to assemble an evidentiary record that documents the authorship of a work so persuasively that other interested parties would be discouraged from challenging their claims in court. Artists are extremely unlikely, however, to document contemporaneously the evidence relevant to joint authorship determinations and to retain that evidence for thirty-five years. At best, self-help for artists requires them to double as lawyers, which hardly contributes to copyright's goal of fostering creativity for the benefit of the public.[88] At worst, self-help for artists is simply no help at all. Even a strong evidentiary record does not guarantee a successful joint authorship determination. Moreover, the evidentiary record assembled by either the artist or the record label is likely to be incomplete in a self-serving manner, and thus it is unlikely to lead to an accurate determination of authorship.

Record companies, however, can explore a self-help option, which may allow them to preclude the exercise of termination rights even without litigation. As discussed below, if record companies are permitted to achieve this result, they will be able to override the federal courts' recent pro-artist decisions simply by rendering those decisions irrelevant.

As noted earlier, record labels cannot rely on either the "specially commissioned" or the "employee" prong of the current work-made-for-hire test as long as they continue to use their traditional methods of producing sound recordings. If record companies wish to eliminate termination rights in sound recordings, however, one way to accomplish this result with respect to future works is simply to stop making sound recordings and to make audiovisual works instead. Because any audio recording that is created as a part of an audiovisual work is eligible for contractual work-

87. *See generally* LaFrance, *supra* note 40 (discussing problems in applying "joint work" definition). Even worse, perhaps, is the specter of federal courts being flooded with suits for declaratory judgments regarding joint authorship by record labels, artists, or both, seeking to establish the identity of the joint authors while the evidentiary trail is still warm. Because the outcome of such litigation would not bind putative co-authors who are not parties to the litigation, a single sound recording could spawn multiple lawsuits.

88. *See* Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975); Mazer v. Stein, 347 U.S. 201, 219 (1954); Fox Film Corp. v. Doyal, 286 U.S. 123, 127 (1932).

HeinOnline -- 75 S. Cal. L. Rev. 397 2001-2002

made-for-hire status under § 101, termination rights in such a recording can be eliminated through a written work-made-for-hire agreement.

Accomplishing this result should be quite easy. As delineated in § 101, the difference between sound recordings and audiovisual works is slight, and the line is easy to cross technologically:

> 'Sound recordings' are works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work, regardless of the nature of the material objects, such as disks, tapes, or other phonorecords, in which they are embodied.[89]

Under this definition, a fixation of sounds that would qualify in all other respects as a sound recording will avoid that characterization if the sounds are created to accompany an audiovisual work. Although the intent of this provision was apparently to make clear that the audio portion of an audiovisual work such as a motion picture is subject to the same copyright rules as the visual portion of such a work,[90] the provision also makes it possible to create musical recordings that escape sound recording categorization because they satisfy the statutory definition of audiovisual works, which provides:

---

89. 17 U.S.C. § 101.

90. The 1976 House Report provides:

> Sound tracks of motion pictures, long a nebulous area in American copyright law, are specifically included in the definition of "motion pictures," and excluded in the definition of "sound recordings." To be a "motion picture," as defined, requires three elements: (1) a series of images, (2) the capability of showing the images in certain successive order, and (3) an impression of motion when the images are thus shown. Coupled with the basic requirements of original authorship and fixation in tangible form, this definition encompasses a wide range of cinematographic works embodied in films, tapes, video disks, and other media. However, it would not include: (1) unauthorized fixations of live performances or telecasts, (2) live telecasts that are not fixed simultaneously with their transmission, or (3) filmstrips and slide sets which, although consisting of a series of images intended to be shown in succession, are not capable of conveying an impression of motion.
>
> On the other hand, the bill equates audiovisual materials such as filmstrips, slide sets, and sets of transparencies with "motion pictures" rather than with "pictorial, graphic, and sculptural works." Their sequential showing is closer to a "performance" than to a "display," and the definition of "audiovisual works," which applies also to "motion pictures," embraces works consisting of a series of related images that are by their nature, intended for showing by means of projectors or other devices.

H.R. Rep. No. 94-1476, at 56 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5669. Like much of the legislative history concerning sound recordings in the 1976 Act, this passage recalls language from the House Report on the Sound Recordings Act of 1971:

> In excluding the "sounds accompanying a motion picture" from the scope of this legislation the Committee does not intend to limit or otherwise alter the rights that exist currently in such works. The exclusion reflects the Committee's opinion that soundtracks or audio tracks are an integral part of the "motion pictures" already accorded protection under subsections (l) and (m) of Section 1 of title 17 [under the 1909 Act], and that the reproduction of the sound accompanying a copyrighted motion picture is an infringement of copyright in the motion picture . . . .

H.R. Rep. No. 92-487 (1971), *reprinted in* 1971 U.S.C.C.A.N. 1566, 1570–71.

HeinOnline -- 75 S. Cal. L. Rev. 398 2001-2002

> "Audiovisual works" are works that consist of a series of related images which are intrinsically intended to be shown by the use of machines or other devices such as projectors, viewers, or electronic equipment, together with accompanying sounds, if any, regardless of the nature of the material objects, such as films or tapes, in which the works are embodied.[91]

Many commercially available CDs already fit the description of audiovisual works, because they incorporate a visual display which can be viewed on a computer screen when the CD is placed in the computer's CD-ROM drive (hence their characterization as "enhanced CDs"). Because the recorded music and the screen display can be enjoyed simultaneously, the recorded music can qualify as a part of an audiovisual work, and thus can fall outside of the "sound recording" category. A record label would not even have to create an entire music video for this purpose; a simple computer-generated series of images would be an inexpensive way to accomplish this.[92] The only crucial step will be to ensure that the musical recording is created *as a part of the audiovisual work*; if the musical recording is created separately, and then incorporated into an audiovisual work, the "sound recording" characterization will still apply to the musical recording, and the audiovisual work will simply be a derivative work that has no relevance in determining the proper categorization of the musical recording.

What is the consequence of this self-help? Because audiovisual works are eligible for work-made-for-hire status, in the future, record companies can produce all of their musical recordings as works made for hire simply by incorporating visual displays in the musical recordings and releasing them exclusively (at least initially) as enhanced CDs or in similar audiovisual formats (such as those which can be downloaded through the

91. 17 U.S.C. § 101.

92. Of course, some ambiguity arises from the statutory requirement that the images be "related" to one another, and "intrinsically intended to be shown." The first requirement has been interpreted liberally. *See, e.g.*, WGN Cont'l Broad. Co. v. United Video, Inc., 693 F.2d 622, 628 (7th Cir. 1982) (treating news broadcast as "related" to teletext material covering subject matter different from that of the news broadcast, and also as "related" to announcements of future programming, so as to constitute a single audiovisual work, because each was "intended for the same audience during the same time interval"). *See generally* 1 Nimmer on Copyright, *supra* note 21, § 2.09[A] (Dec. 1999) (discussing *WGN* case, and questioning whether the definition of "audiovisual works" encompasses works that consist solely of textual "images," such as microfiche or microfilms of literary works, or works that combine textual and other visual images). Although the phrase "intrinsically intended to be shown" has not been judicially construed, there seems to be no reason to doubt that the images on an enhanced CD are "intended to be shown."

HeinOnline -- 75 S. Cal. L. Rev. 399 2001-2002

Internet).[93] If they also distribute their recordings in other audio-only formats (such as mp3 files or phonorecords), these formats should be created later in time, as derivative works based on the underlying audiovisual work, in order to establish that the recorded music was created specifically for inclusion in an audiovisual work, and was only later converted into the derivative work, which consists purely of an audio recording. Indeed, this status can and should be established in the work-made-for-hire contract itself, which should require each signatory artist, producer, or technician to acknowledge that his or her contribution was intended for inclusion in an audiovisual work, in addition to whatever ancillary modes of exploitation the commissioning party might ultimately pursue. Thus, to qualify a musical recording as a work made for hire, the work-made-for-hire contract should specify that the recording is being created specifically for inclusion in an audiovisual work. In addition, the initial release of the recording probably should be in the audiovisual format.[94]

If these audiovisual recordings are prepared for a record label under work-made-for-hire contracts, the label's ownership rights will not be subject to termination. Thus, the record companies will have achieved through self-help the same result they sought to achieve legislatively under the short-lived 1999 amendment. As discussed below, however, there will be other legal consequences, some favorable to the record companies and some not.

Perhaps the most troubling of these consequences would be the songwriters' loss of termination rights in at least some of their musical compositions. Any musical composition that is created "as a part of a motion picture or other audiovisual work" is eligible for contractual work-made-for-hire status. Record labels almost certainly would expect performer-songwriters (other than those with significant bargaining power) to sign work-made-for-hire contracts not only for their recorded

93. The record companies would need to obtain synchronization licenses from music publishers, rather than mechanical licenses, in order to record the underlying musical compositions in the audiovisual format rather than the sound recording format. A mechanical license, however, would still be required for reproducing and distributing copies of the audiovisual work or phonorecords of the sound recording. *See* KRASILOVSKY & SHEMEL, *supra* note 66, at 175–76, 261–62; RICHARD SCHULENBERG, LEGAL ASPECTS OF THE MUSIC INDUSTRY 263–64, 358–64 (1999) (explaining synchronization and mechanical licenses).

94. Although public distribution is not a prerequisite to establishing that an audiovisual work has been created, such a distribution would be helpful both as an evidentiary matter—to prove that the audiovisual work had been created—and, more importantly, as a rebuttal to any suggestion that the audiovisual work was a mere sham, created merely to disguise the fact that the real "work" in question was the sound recording.

HeinOnline -- 75 S. Cal. L. Rev. 400 2001-2002

performances, but also for any musical compositions created for those performances. This is already the normal practice when musical compositions are commissioned for inclusion in motion picture soundtracks.[95] There seems little doubt that the same practice would be simply transferred to record label contracts.

There would be additional legal consequences to the anticipated self-help strategy as well. In addition to eliminating termination rights, record companies that abandon traditional sound recordings in favor of audiovisual recordings conceivably could benefit from the ability to enforce a public performance right in their audiovisual works, since an audio recording created as a component of an audiovisual work (such as a motion picture) enjoys a public performance right that sound recordings do not.[96] Creating musical recordings as components of audiovisual works could generate enormous public performance royalties, which are currently denied to sound recordings.[97] Thus, the record companies will have achieved an end-run around the federal policy that denies public performance rights to the owners of sound recording copyrights.[98] It remains to be determined, however, whether the performance of only the *audio* component of such an enhanced recording would be considered a performance of the audiovisual work, or merely a performance of a derivative sound recording, to which public performance rights would not attach.

Producing audiovisual works instead of sound recordings could, however, have a negative consequence for record labels, since they would be unable to prohibit commercial rentals of those works under the first sale

95. *See* KRASILOVSKY & SHEMEL, *supra* note 66, at 260–61; SCHULENBERG, *supra* note 93, at 336.

96. The public performance right applies to "motion pictures and other audiovisual works" but not to sound recordings. 17 U.S.C. §§ 106(4), 114(a). "Sound recordings" are defined as "works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work, regardless of the nature of the material objects, such as disks, tapes, or other phonorecords, in which they are embodied." *Id.* § 101. "Audiovisual works," in contrast, are "works that consist of a series of related images . . . together with accompanying sounds, if any, regardless of the nature of the material objects, such as films or tapes, in which the works are embodied." *Id.* § 101.

97. *Id.* § 106(4). In contrast, the public performance right in sound recordings is limited to subscription digital audio transmissions. *Id.* §§ 106(6), 114(d)(1).

98. Whether this is a good or bad result is debatable. Many commentators have strongly endorsed the creation of a public performance right in sound recordings, a view embraced by the Register of Copyrights in a 1978 report to Congress. REGISTER OF COPYRIGHTS, 95TH CONG., REPORT ON PERFORMANCE RIGHTS IN SOUND RECORDINGS: BEFORE THE HOUSE SUBCOMM. ON COURTS, CIVIL LIBERTIES, AND THE ADMIN. OF JUSTICE, 1061–62 (Comm. Print 1978).

HeinOnline -- 75 S. Cal. L. Rev. 401 2001-2002

rule,[99] which permits commercial rentals of all copyrighted works other than sound recordings and computer software.[100] Commercial rentals arguably increase the likelihood of widespread unauthorized copying, which is the concern that led the record industry to seek exemption from the first sale rule in the first place.[101] Even if rentals were permitted, however, improvements in copy protection technology, and statutory prohibitions against circumvention of such technology,[102] might soon make unauthorized copying less likely in the rental context.[103]

If the underlying premise is correct, and record companies can, with little additional expense, place their products into the audiovisual works category rather the sound recordings category, they can achieve significant legal benefits not contemplated by Congress when it granted copyright protection to sound recordings in 1971. Even if public performance royalties are not attainable in this manner,[104] the termination of rights problem will be eliminated. Thus, whatever the other legal consequences of this change in their product line may be, the record companies already have achieved a significant legal victory with respect to any musical recordings which they have already created in the visually enhanced format (except, of course, where the enhanced format was created as a derivative work based on a preexisting sound recording, in which case the original performers' contributions are arguably specially ordered or commissioned for the sound recording, not the subsequent audiovisual work).

If record companies choose this self-help strategy, will Congress intervene to restore the legal distinctions between sound recordings and audiovisual works? Or will Congress, the public, and the relevant interest groups simply accept these legal consequences as the inevitable result of technological change, which has blurred the distinctions between aural and

99. This conclusion might not extend to rentals of any purely audio recordings that constitute derivative works of the enhanced CDs. The answer would depend on whether these derivative recordings are considered parts of the audiovisual work, in which case they should retain their public performance rights, or separate sound recordings, to which only the § 106(6) performance right would attach. *See supra* notes 96–98 and accompanying text.

100. 17 U.S.C. § 109(a), (b)(1)(A).

101. 2 Nimmer on Copyright, *supra* note 21, § 8.12[B][7] (Sept. 2000).

102. *See also* 17 U.S.C. § 1201(a) (creating a new cause of action for circumventing copy protection measures).

103. In addition, the pervasive availability of unauthorized MP3 versions of sound recordings—easily accessed on the Internet—currently presents a much greater threat to the exclusive rights of record companies. *See, e.g.*, A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004 (9th Cir. 2001).

104. *See supra* notes 96–98 and accompanying text.

HeinOnline -- 75 S. Cal. L. Rev. 402 2001-2002

audiovisual works?[105] This self-help strategy will almost certainly lead to litigation over the distinctions between sound recordings and audiovisual works, and between underlying and derivative works.

In contrast, if record companies continue to produce conventional sound recordings, the courts will be required to determine whether sound recordings fit into any of the work-made-for-hire categories. As discussed earlier, the courts that have addressed this question thus far have uniformly ruled that they do not. None of those decisions, however, has offered much analysis to support this conclusion. In particular, the courts have failed to address the argument, reasonable on its face, that most musical sound recordings are created as contributions to collective works, since they typically involve several individual recorded performances each of which can be enjoyed independently of the others. By leaving this issue to the courts, Congress' decision to do nothing eliminates the opportunity for a reasoned consideration of public policy. This result is no more satisfactory than the result that would follow from the record industry self-help measures described above.

Ironically, many of the performers who have made the greatest contributions to sound recordings may already have forfeited their termination rights in those recordings. Those recording artists who render their services through loan-out corporations[106] are in fact employees of those corporations, and any performances they render in that capacity are already works made for hire. When the loan-out corporation contracts with a record label to "lend" the performer's exclusive services in carrying out the recording contract, the artist is creating a work made for hire as an employee of the loan-out, which is, therefore, the author of the artist's

105. The Nimmer treatise notes a similar breakdown in doctrinal distinctions between audiovisual works, sound recordings, and computer software, using the example of interactive DVDs. 2 Nimmer on Copyright, *supra* note 21, § 8.24[C] (Sept. 2000). *See also id.* § 8.12[B][7][c] (May 1999) (questioning whether "books on tape" are subject to the rental restriction that applies to "sound recordings" under 17 U.S.C. § 109(b)(1)(A)); Shira Perlmutter, *Convergence and the Future of Copyright*, 24 COLUM.-VLA J.L. & ARTS 163, 172 (2001) (noting that the "continuum of digital products—music video, DVD with music and visual materials, etc." poses a "conundrum" in the context of a proposed international treaty on audiovisual performances).

106. The term "loan-out corporation" refers to a corporation formed by an individual, who is typically the sole employee of the corporation as well as its sole or controlling shareholder. The corporation, rather than the individual, enters contracts with third parties to render the individual's services in exchange for compensation that is payable to the corporation. Artists and others who provide personal services through their corporations enjoy modest tax benefits as well as limited liability. *See generally* SCHULENBERG, *supra* note 93, at 338–41 (discussing loan-out contracts); Mary LaFrance, *The Separate Tax Status of Loan-out Corporations*, 48 VAND. L. REV. 879, 884–904 (1995) (outlining those benefits).

HeinOnline -- 75 S. Cal. L. Rev. 403 2001-2002

contribution to the recording.[107] The loan-out assigns its copyright interest to the record label, although it remains the author. Because the recording is already a "work made for hire" under the "employee" prong of the § 101 definition, however, the recording artist's contribution to the work is now *completely ineligible* for termination rights, which do not apply to *any* works created as works made for hire.[108] Thus, when an artist performs on a sound recording as a loan-out employee, neither the artist nor his or her loan-out corporation has any termination rights in that recording.

Under current law, therefore, termination rights are limited to those recording participants whose contributions are sufficient to qualify them as joint authors *and* who render those contributions as individuals rather than as employees of their own loan-out corporations. Unless musical performers discontinue use of these corporations in their recording contracts, the current battle over termination rights will not affect their rights at all.[109]

### B. APPLYING WORK-MADE-FOR-HIRE STATUS—OR COMPARABLE RULES—TO SOUND RECORDINGS

The difficulties of applying termination rights to sound recordings that are joint works, and of measuring the copyright term for such works, present the strongest policy arguments for making sound recordings eligible for work-made-for-hire status, as Congress attempted to do in the short-lived 1999 amendment to § 101. If Congress wishes to accomplish this result, it can do so in either of two ways: First, it can adopt the approach of the 1999 amendment and make all sound recordings eligible for contractual work-made-for-hire status. Alternatively, Congress can treat sound recordings as a sui generis category, one which is not eligible for contractual work-made-for-hire status, but which is also (1) either exempt from termination rights under § 203, or subject to a *waivable or assignable* termination right, and (2) subject to the durational provisions that apply to works made for hire. Either of these approaches would solve

107. Although the loan-out is the sole author of the artist's contribution, it is unlikely to be the sole author of the complete recording, since it may share authorship with other creative contributors (such as other musicians, producers, or engineers).

108. 17 U.S.C. §§ 203(a), 304(c).

109. Artists who replace their loan-out corporations with limited liability companies ("LLCs") will avoid this problem, although they may sacrifice some tax benefits. The artist can then function as an independent contractor rather than an employee, but the LLC structure will still provide limited liability. *See* LaFrance, *supra* note 106, at 923 n.150.

HeinOnline -- 75 S. Cal. L. Rev. 404 2001-2002

the two major problems arising from the uncertain status of sound recordings.

The problem of determining who has the right to terminate a grant of copyright in a sound recording could be alleviated by amending § 203[110] to provide that termination rights are either waivable or fully alienable in the case of sound recordings. Alternatively, termination rights could be altogether eliminated for sound recordings. Although allowing waiver or alienation of the rights would be less drastic than eliminating them altogether, in practice, the effect might be largely the same, since most recording artists will lack sufficient bargaining power to object to contractual provisions waiving their termination rights or assigning those rights to the record label. For those few artists with greater bargaining power, however, the option of alienating those rights would allow the artists to bind all parties to the recording session to an agreement that assigns termination rights to a specified individual or group of individuals, such as the featured musicians, the record producer, or both. This would eliminate much of the uncertainty that arises when termination rights are shared by a difficult-to-determine group of joint authors.[111] Some of the inequity in bargaining power might also be addressed through a provision similar to the moral rights waiver provisions of § 106A,[112] under which an author may waive moral rights only in a written agreement that specifically identifies the work and the uses to which the waiver applies. Under this approach, a recording artist might feel pressured to waive termination rights in that artist's first recording for a record label, but if the waiver could be enforced only with respect to that specifically identified recording,

110. Amending § 304 to the same effect would not be feasible, since the § 304 termination right applies to works that were already copyrighted and to grants that were already executed, as of January 1, 1978. 17 U.S.C. § 304(c). Any retroactive narrowing of an author's already-vested rights would understandably be ill-received—at least by authors.

111. In theory, Congress could designate by statute some finite class of creative collaborators in whom the termination rights in a sound recording would vest. Short of naming the record label as the sole member of this class, which is tantamount to eliminating the termination right, it is difficult to imagine a statutory scheme that could conclusively predetermine the owners of termination rights in every possible type of creative collaboration that results in a sound recording. Even statutory categories such as "featured" and "nonfeatured" musicians, *see* 17 U.S.C. §§ 114(g), 1006(b)(1), are open to much interpretation. Conceivably, such a statute could limit termination rights to the creative participants who actually receive credit on the packaging of the sound recording. Although that solution provides for a determinate number, it may still include a large number of people. In addition, future distribution mechanisms for sound recordings—in the MP3 format, for example—may involve no packaging, and thus (possibly) no credits. It is, therefore, doubtful whether any of these theoretical solutions offers much promise in practice.

112. 17 U.S.C. § 106A(e)(1). The moral rights of authorship (to receive proper attribution for one's work and to object to certain derogatory alterations of the work) apply only to "works of visual art" as defined in § 101. *Id.* § 106A(a).

HeinOnline -- 75 S. Cal. L. Rev. 405 2001-2002

then the artist could not be held to a waiver that purported to cover all future recordings produced under the same recording contract. If the artist's bargaining power improved after the first recording, the artist might decide not to waive termination rights in the next recording made pursuant to that recording contract.

In any situation where the creative participants have waived their termination rights, or assigned them to the record label, the standard copyright assignment clause contained in most recording contracts would therefore effect a permanent, irrevocable, ownership transfer to the record company. Thus, ownership of the sound recording copyright would belong to the commissioning party, just as if the recording had been prepared as a work made for hire. This is the same result that would follow if termination rights were altogether eliminated for sound recordings.

To further mitigate any imbalance in bargaining power, any assignment of the termination right should be required to be in writing and should be held to at least the same degree of specificity as a waiver of that right. This, too, follows the paradigm of the moral rights waiver.[113] It would still allow band members to assign termination rights to a single representative, but would make it impossible for a record label to acquire the termination rights to all works that an artist might someday produce under his or her recording contract.

With respect to waivers, the moral rights paradigm might be followed in one further respect by allowing one joint author to waive the termination rights of all joint authors.[114] This would eliminate the need to identify the entire joint authorship entity as a prerequisite for determining whether the waiver could be given effect. Even under this approach, however, it would still be necessary to determine with certainty whether the waiving party was *one* of the joint authors of the work.

Furthermore, even if a waiver by one joint author were permitted to eliminate termination rights in a *nonexclusive license*, a waiver by a single joint author probably should not be permitted to eliminate termination rights in an assignment or exclusive license. Under general joint authorship principles, an individual joint author may grant a nonexclusive license in the joint work without the consent of the other joint authors. Thus, it would be consistent with this principle to allow a single joint author to waive termination rights in a nonexclusive license; otherwise, if termination did occur, that same individual could achieve the same result

113. *Id.* § 106A(e)(1).
114. *Id.*

HeinOnline -- 75 S. Cal. L. Rev. 406 2001-2002

by granting a new nonexclusive license to the same grantee. In contrast, under current law, an attempted assignment or exclusive license by one joint author is not given effect because a single joint author cannot (in the absence of an agreement among the joint authors) convey *exclusive* rights in a work.[115] At most, the assignee steps into the shoes of the assigning author and thus acquires an equal and undivided interest in the copyright. If this principle were applied to the termination right—which is, after all, one aspect of the "bundle of rights" enjoyed by authors—then a waiver of termination rights by one joint author should not bind the other joint authors to surrender their termination rights with respect to an assignment or exclusive license. Under current law, if termination occurs in the ordinary course of events, then a new assignment or exclusive license cannot be executed by just one of the joint authors. Accordingly, in order to maintain that balance of power, if waivers of termination rights are to be permitted at all, no individual joint author should have the power to waive termination rights with respect to an assignment or exclusive license, in the absence of an agreement among the joint authors. In contrast, the *assignee* of a joint author's termination right would simply become one member of the group of persons entitled to exercise the termination right in that work.[116]

Even apart from the termination problem, any statutory scheme that retains joint work status for sound recordings will still present the problem of determining the copyright term. Because the copyright term of a joint work is based on the life of the last surviving author,[117] merely establishing the duration of the copyright in a jointly authored sound recording can be problematic, especially since the issue might not even be litigated until many decades after the recording was created. At this point, the question whether a particular person's contribution satisfied the joint authorship requirements[118] would be especially difficult to resolve due to faded memories, lost evidence, and so on.

---

115. 1 Nimmer on Copyright, *supra* note 21, § 6.11 (May 2000).

116. The group would consist of whatever segment of the joint authorship entity has the statutory power to terminate that particular grant under §§ 203 and 304(c). *See supra* notes 74–78. In the case of a termination under § 304(c), the assignee of termination rights could terminate the grant with respect to the *assignor's* share of the copyright in the remaining renewal term. 17 U.S.C. § 304(c)(1). In the case of a termination under § 203, the assignee of termination rights would have the power to terminate a copyright license or assignment only with the concurrence of a majority of the joint authors (or their statutory successors, if applicable) who executed the original grant. *Id.* § 203(a)(1).

117. 17 U.S.C. § 302(b).

118. The legal standard for establishing joint authorship is unclear under current law, and many courts have required detailed evidence of the co-creators' states of mind and the specific details of their respective contributions. *See* sources cited *supra* note 70.

HeinOnline -- 75 S. Cal. L. Rev. 407 2001-2002

To remedy this problem, therefore, if sound recordings are not to be treated as works made for hire, the durational provisions of § 302 would need to be amended to establish a fixed copyright term specifically for sound recordings. A simple solution would be to apply the 95/120 year term that currently applies to works made for hire under § 302(c).[119]

### C. PROPOSAL FOR A NEW SOUND RECORDINGS AMENDMENT

Of course, the extreme version of the proposal set forth above—eliminating termination rights for sound recordings, and adopting the 95/120 copyright term for those works—is the functional equivalent of making sound recordings eligible for work-made-for-hire status.[120] Thus, an alternative to the multiple amendments proposed above is to amend the work-made-for-hire definition to add sound recordings to the list of "specially commissioned" works which can be the subject of work-made-for-hire contracts. This apparently was the intent of the short-lived 1999 amendment to § 101.

The 1999 amendment was also probably intended to preserve the existing dichotomy between musical compositions commissioned for audiovisual works (such as motion pictures) and those commissioned in fulfillment of a performer/songwriter's sound recording contract. In other words, musical compositions created for motion pictures would be contractual works made for hire, while those created for sound recordings apparently would not. Thus, those who write music for motion pictures would have no termination rights (as under current law), while those who write music for sound recordings would enjoy termination rights under section § 203.

This conclusion, however, is not free from doubt. As discussed below, it can be argued that the 1999 amendment would have extended contractual work-made-for-hire status even to musical compositions created in fulfillment of a singer/songwriter's recording contract. If so, this would have been a dramatic departure from prior law and surely was not within Congress' intent.

---

119. 17 U.S.C. § 302(c).

120. It is "nearly" the equivalent, because the individual creators of the sound recording would technically remain "authors." Without any copyright or termination rights, however, their authorship status would have little legal consequence. Although authors retain certain rights of attribution and artistic integrity (also known as "moral rights") under § 106A even after transferring their copyrights, those provisions do not apply to sound recordings. 17 U.S.C. § 106A (limiting moral rights to "works of visual art" as defined in § 101).

HeinOnline -- 75 S. Cal. L. Rev. 408 2001-2002

By adding the words "as a sound recording" to the work-made-for-hire definition, the 1999 amendment provided that any work "specially ordered or commissioned . . . as a sound recording" could be a work made for hire if the parties' written contract so specified.[121] This language should be compared with the work-made-for-hire provision regarding motion pictures, which provides that any work "specially ordered or commissioned . . . as a contribution to a motion picture or other audiovisual work" can qualify as a work made for hire under similar contractual arrangements.[122]

Why would the phrase "as a contribution to" be included in the motion picture provision but not in the sound recording provision? To give any meaning to this phrase, one would have to conclude that a broader array of contributions is encompassed by the motion picture language than by the sound recording language. Yet it makes little sense to ascribe work-made-for-hire status only to a *completed* sound recording, and not to its component parts, since normally no one individual creates all the components of the entire recording. Each creative contributor ordinarily provides only a piece of that recording. There will be vocal tracks, instrumental tracks, pre-recorded samples, loops, and other computer-generated effects, and various creative decisions and alterations of the total mix by sound engineers and one or more producers. At least some of these individual contributions will be substantial enough to meet the requirements of joint authorship. There is no clear rule defining how substantial a contribution must be in order to confer joint authorship status on its creator. Courts generally agree, however, that the contribution must at least be greater than de minimis, and many courts have held that the contribution must be independently copyrightable.[123]

By tacitly assuming that only the *completed* sound recording is copyrightable, the 1999 amendment seems to disregard these copyrightable contributions. Contrary to this implicit assumption, the only way to turn the *entire* sound recording into a work made for hire is to eliminate the joint authorship claims of *each* party that contributes a copyrightable component of the finished recording. In all probability, this is the result that Congress intended. The same dichotomy exists in the provisions that grant contractual work-made-for-hire status to a "compilation" as a whole,

121. Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. No. 106-113 app. I—S. 1948, §1011(d), 113 Stat. 1501A-521, 1501A-544 (amending 17 U.S.C. §101) (repealed 2000). *See supra* notes 20–21 and accompanying text.

122. 17 U.S.C. § 101.

123. *See generally* LaFrance, *supra* note 40, at 196–98 nn.15–24 (collecting authorities).

HeinOnline -- 75 S. Cal. L. Rev. 409 2001-2002

but to each individual "*contribution* to a collective work."[124] In that case, however, the dichotomy makes sense. In the case of a compilation that is not also a collective work, the individual components of the work are not themselves copyrightable, and thus the question of their authorship does not arise. Only in the case of a collective work—a compilation of copyrightable materials—could the creator of a single component of the compilation claim authorship rights in that component. In contrast, when creative elements are combined to create a sound recording or an audiovisual work, some of the individual contributions may be independently copyrightable, thus giving rise to authorship claims by their creators. Thus, there is no comparable justification for statutory language treating a "contribution to" an audiovisual work as eligible for work-made-for-hire status while treating a "contribution to" a sound recording as ineligible for that status.

In contrast, if the language of the 1999 amendment is taken at face value, it would leave the authorship of all the individual artistic contributions in the hands of the individual artists and confer contractual work-made-for-hire status, at most, only on the copyrightable creative elements that are added in the final mastering of the recording. This would constitute a de minimis change in the law and would have no effect on the rights of the recording artists themselves, who could still terminate the record label's right to use their individual artistic contributions to the finished recording. Despite the inartful phrasing of the language pertaining to sound recordings, Congress must have intended to make *each copyrightable contribution* to a sound recording eligible for contractual work-made-for-hire status, thus placing the individual contributors to a sound recording in the same position as the individual contributors to a motion picture. (The ambiguity created by this inartful phrasing might well have been avoided if the 1999 amendment had received more thorough legislative deliberation instead of being enacted in haste.)

Thus, for the language proposed in the 1999 amendment to have any meaning at all, it would have to be interpreted to apply to *each copyrightable contribution* to a sound recording. This would be consistent with Congress' apparent intent to give record labels the opportunity to eliminate the termination rights of performing artists, producers, and sound engineers. In at least some cases, however, this language would also eliminate termination rights in one additional and highly significant

124. 17 U.S.C. § 101 (2000) (emphasis added). *See also supra* notes 58–59 and accompanying text.

HeinOnline -- 75 S. Cal. L. Rev. 410 2001-2002

creative contribution to a sound recording, one which Congress almost certainly did not intend to include in the work-made-for-hire category: *the underlying musical composition(s).* To the extent that a particular musical composition is created specifically for inclusion in a sound recording, nothing in the 1999 amendment would have prevented treating that musical composition as a contractual work made for hire. The result would have been a significant departure from prior law, far beyond anything that Congress—or even the record industry—could have characterized as a mere "technical amendment" or clarification of prior law.

In some cases, of course, the musical compositions included in a sound recording are preexisting works, created by the songwriters at their own initiative rather than in fulfillment of their obligations under a recording contract, and only later licensed to a record company for the purpose of creating a sound recording as a derivative work. In many cases, and very likely in most cases involving a performer-songwriter who is fulfilling an obligation to produce a series of recordings under a multi-record contract, however, the artist writes songs specifically for the purpose of including them in a recording that will be created pursuant to the preexisting recording contract. In such cases, the musical composition *itself* is arguably created as part of the joint undertaking that constitutes the sound recording. The composition is simply one creative component of the recording, along with the various vocal and instrumental tracks. In that event, the effect of the 1999 amendment could have been to place the musical composition itself into the work-made-for-hire category, along with all the other creative contributions that were combined into the finished recording. The result would have been to deprive such songwriters of the authorship of their musical compositions, vesting such authorship instead in the record labels. Thus, public performance and other royalties that otherwise would have gone to the author and publisher would go instead to the record company. Termination rights in such musical compositions would also be nonexistent.

The 1976 House Report addressed an analogous question with respect to plays, novels, and music incorporated into motion pictures:

> The definition of "joint works" has prompted some concern lest it be construed as converting the authors of previously written works, such as plays, novels, and music, into coauthors of a motion picture in which their work is incorporated. It is true that a motion picture would normally be a joint rather than a collective work with respect to those authors who actually work on the film, although their usual status as employees for hire would keep the question of co-ownership from coming up. On the other hand, although a novelist, playwright, or

> songwriter may write a work with the hope or expectation that it will be used in a motion picture, this is clearly a case of separate or independent authorship rather than one where the basic intention behind the writing of the work was for motion picture use. In this case, the motion picture is a derivative work within the definition of that term, and section 103 makes plain that copyright in a derivative work is independent of, and does not enlarge the scope of rights in, any preexisting material incorporated in it. There is thus no need to spell this conclusion out in the definition of "joint work."[125]

In contrast, the Report made clear that, in the case of screenplays and musical compositions that are works made for hire, authorship vests in the hiring party.[126] Thus, in the case of works created "as a part of a motion picture or other audiovisual work," musical compositions can be works made for hire.

It is somewhat less clear whether musical compositions that are created *as a part of* a sound recording would fall into the category which the 1999 amendment described as works "specially ordered or commissioned . . . as a sound recording." The better answer is probably that Congress did not intend to sweep musical compositions into this category, even if they are specially commissioned for inclusion in a sound recording, yet the language of the 1999 amendment does not offer any basis for treating musical compositions differently from the other creative elements of a sound recording.

The "as a part of" language used in the 1976 Act was apparently intended to make clear that *commissioned* screenplays and soundtrack music, while capable of standing on their own as separate copyrightable works, should be treated as having the same authorship as the motion picture itself when they are created as works made for hire. By comparison, the language "as a sound recording" could be interpreted to assign work-made-for-hire eligibility *only to those parts of a sound recording that are incapable of standing on their own* as copyrightable works. This interpretation would parallel the distinction between (1) a work specially commissioned "as a contribution to a collective work," where the individual contribution can also stand on its own as a copyrightable work, distinct from the collective work itself, and (2) a work specially commissioned "as a compilation," where the individual elements are not

125. H.R. Rep. No. 94-1476, at 120 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5736.

126. *Id.* at 121 (explaining why screenwriters and composers of musical works made for hire may not invoke the "shop right" doctrine of patent law, under which an inventor retains ownership of an invention subject to the employer's nonexclusive right to exploit that invention).

HeinOnline -- 75 S. Cal. L. Rev. 412 2001-2002

separately copyrightable, so that the *only* copyrightable work is the compilation itself. From this perspective, the underlying musical composition would *not* be a work made for hire (unless created by a common law employee). It would be the underlying separately copyrightable work from which the sound recording is derived.

Appealing as this analysis may be as a matter of statutory interpretation, in fact many components of a sound recording other than the underlying musical composition are capable of standing on their own as copyrightable works—for example, the *a cappella* vocal track, and most, if not all, of the instrumental tracks. As separate aural experiences they may be less esthetically satisfying than the total combination that results from mixing them together, but nothing in the copyright statutes or their legislative history supports the use of such esthetic judgments as the basis for distinguishing works made for hire from the independent works that underlie derivative works.

The challenge, then, is to find a way to classify sound recordings as contractual works made for hire, thus eliminating the uncertainty surrounding termination rights and copyright duration in the case of joint works, without introducing new uncertainty regarding the ownership of the musical compositions that are specially created for those recordings. The 1999 amendment fell just a little short of this goal.

If the 1999 amendment would indeed have preserved the non-work-made-for-hire status of music commissioned for sound recordings, then record labels would still have had an incentive to create audiovisual works rather than sound recordings and to use this strategy to acquire copyright interests that otherwise would belong to individual songwriters. By structuring recording contracts so that a performer-songwriter's musical compositions were initially commissioned for inclusion in an audiovisual work, rather than a sound recording, the record labels could acquire ownership of those musical compositions through work-made-for-hire provisions. Given the relatively weak bargaining power of the typical singer-songwriter signing his or her first multi-record contract, this practice would probably become the rule rather than the exception, just as it is already the rule with respect to the contractual provisions for the recorded performances themselves. Record labels could then claim authorship of the musical compositions for all purposes, not simply the avoidance of termination rights, and the songwriters would retain no portion of the copyrights.[127]

127. *See supra* notes 89–98 and accompanying text.

HeinOnline -- 75 S. Cal. L. Rev. 413 2001-2002

Two per se rules would be needed under the 1999 amendment in order to accommodate the songwriter's termination right, the record label's exploitation right, and the public interest in making copyrightable works readily marketable. The first per se rule would make *all* musical compositions ineligible for contractual work-made-for-hire status, regardless of the circumstances of their creation. Thus, musical compositions would only be works made for hire when created by bona fide employees of the commissioning party.[128] The second per se rule would specify that all recordings of musical compositions are derivative works within the meaning of the derivative works exception to the termination right under § 203.[129] The two rules combined would guarantee songwriters a termination right in their musical compositions, regardless of whether those compositions were specially commissioned for sound recordings or motion pictures, or created as independent works and subsequently licensed to creators of derivative works. This approach would also guarantee the producers of sound recordings and audiovisual works a right to continue exploiting their recordings of those compositions (on a nonexclusive basis) as derivative works, even after the songwriter has terminated the derivative work license for the underlying composition. As proposed here, this rule would apply not only to musical compositions created for sound recordings, but also to those created for motion picture soundtracks and multimedia works (such as videogames). This would alter the current rule that musical compositions created for motion pictures and multimedia works can be created as works made for hire under the "specially ordered or commissioned" clause.

There are two reasons to change current law on musical compositions specially commissioned for audiovisual works in order to make it conform with the treatment of musical compositions created for sound recordings. First, as noted earlier, the distinction between sound recordings and audiovisual works is rapidly eroding and may soon be untenable. Second, it is difficult to justify treating a songwriter who creates a composition for a sound recording differently from a songwriter who creates a composition for an audiovisual work. Their bargaining positions do not seem substantially different, and in each case the proposed amendments would

128. For a discussion of "employee" status under copyright law, see *supra* note 19.

129. 17 U.S.C. § 203(b)(1) (2000). *See supra* notes 6–7 and accompanying text. Even though most sound recordings are already derivative works under current law, *see* Mills Music, Inc. v. Snyder, 469 U.S. 153, 155 (1985), the second per se rule would foreclose the argument that a record label's contribution to the sound recording makes it a joint author of the underlying musical compositions that were created specifically for inclusion in that recording. *Cf.* Gilliam v. ABC, 538 F.2d 14, 22 (2d Cir. 1976) (rejecting producer's argument that it was a joint author of film's underlying screenplay).

HeinOnline -- 75 S. Cal. L. Rev. 414 2001-2002

protect the commissioning party's right to continue exploiting the derivative work (that is, the sound recording or audiovisual work) even after termination, although they would not be permitted to use the composition in *new* derivative works without obtaining a new license.[130]

In contrast, a simple reenactment of the 1999 amendment without these per se rules would add sound recordings to the categories eligible for work-made-for-hire status, but apparently would distinguish between the status of musical compositions commissioned for sound recordings—which would not be contractual works made for hire—and the status of musical compositions commissioned for audiovisual works—which would continue to be contractual works made for hire as under current law.[131] Although this alternative would preserve the legal status quo regarding music commissioned for motion picture soundtracks and other audiovisual works, it may be time to depart from the status quo. Restoring authorship and termination rights to soundtrack composers would offer a significant benefit to this group of authors while preserving the legitimate interests of future creators of audiovisual works.

## CONCLUSION

The federal courts have repeatedly emphasized the importance of predictability in copyright ownership[132] because uncertainty regarding the ownership of rights can significantly impair their value and marketability. By limiting the marketability of a work, this uncertainty also limits the ability of the public to have access to those works. Thus, uncertainty as to authorship and ownership contravenes the public policy of making copyrightable works available to the public.

The importance of predictability is reflected in the copyright statutes themselves. The provisions dealing with authorship and ownership of copyrights are designed to give authors adequate notice of when they are surrendering valuable rights. Examples of this policy include the writing requirement for copyright transfers,[133] the writing requirement for

130. 17 U.S.C. § 203 (b)(1).

131. This distinction could be further clarified by specifying that, for purposes of the work-made-for-hire rules, the statutory term "sound recordings" does not include the musical compositions performed on those recordings.

132. *See supra* note 84 and accompanying text.

133. 17 U.S.C. § 204(a).

HeinOnline -- 75 S. Cal. L. Rev. 415 2001-2002

contractual works-made-for-hire,[134] and the high degree of specificity that is required for moral rights waivers.[135]

A strong argument can be made that the work-made-for-hire definition of § 101 is drafted in terms broad enough to encompass many commercial sound recordings as contributions to collective works. Treating sound recordings as works made for hire arguably serves the purpose of providing greater certainty as to the ownership of copyrights, since it eliminates the uncertainties that accompany joint authorship. The legislative histories of the 1976 Act and the 1971 Sound Recordings Act, however, do not support the conclusion that Congress intended to treat sound recordings as contractual works made for hire. Interpreting "collective works" to include sound recordings thus runs afoul of the certainty principle, since including sound recordings in that definition extends work-made-for-hire status to a large category of works that one reasonably would have expected Congress to have mentioned specifically either in the work-made-for-hire definition or its legislative history—especially in light of the specific references to motion pictures and other distinct categories of copyrightable works in the 1976 Act, the accompanying House Report, and other components of its legislative history.[136]

What do performing artists lose if they are denied termination rights? Although most sound recordings will have little economic value thirty-five years after their creation, some (such as the Beatles' recordings) will have substantial long-term economic value, and others may have significant noneconomic value to the artists or their families. In the latter case, even though the cost of reacquiring the copyright in a sound recording might be modest, subsequent assignments and corporate successions could make it difficult for recording artists or their families to locate the owner of the sound recording copyright so many years after the recording's release. Termination rights would eliminate this problem.

Even if termination rights in sound recordings are recognized, however, and even if termination can be effectuated through accurate identification of the authorship entities in the case of joint works, an artist who wishes to terminate those rights will not necessarily be allowed to reclaim rights in an entire marketable work. To the extent that record label employees made creative contributions, their contributions would still be owned by the record label, even after termination, with respect to the other

134. *Id.* § 101.
135. *Id.* § 106A(e)(1).
136. *See supra* notes 47–55 and accompanying text.

HeinOnline -- 75 S. Cal. L. Rev. 416 2001-2002

parties' contributions. And, as noted earlier, performers who rendered their services through loan-out corporations would not be eligible to invoke termination rights at all.[137]

Thus, the benefits of recognizing termination rights in sound recordings may not be as significant as their advocates have suggested, and in most cases would not outweigh the practical problems created by granting such rights because of the difficulty of identifying the "authors" who are entitled to exercise those rights. and then separating the terminable contributions from the nonterminable ones (those attributable to employees). Finally, as noted earlier, record labels have a potential "end run" around termination rights if they choose to create musical recordings as audiovisual works rather than sound recordings and can use this same strategy to divest performer-songwriters of their authorship rights in musical compositions as well.

To maximize predictability and marketability in copyrighted sound recordings, it would be helpful to eliminate the complexities of joint authorship as they affect copyright duration and termination rights. The duration question is easily solved by assigning sound recordings a fixed term, such as the term of 95/120 years that applies to works made for hire. It would be far more difficult, however, to preserve the essence of termination rights in sound recordings while eliminating the complications of joint authorship in such works. In addition, the benefit of preserving those termination rights is dubious, because most sound recordings will have little economic value after thirty-five years, and because the non-terminable contributions of record label employees and loan-out employees may make it difficult for contributors other than songwriters to reassemble a marketable post-termination copyright.

Congressional inaction is not an appropriate solution to the problem of determining whether sound recordings are works made for hire. Through self-help, record companies can take advantage of new technologies to ensure that all of their future recordings are works made for hire, and thereby divest composers of their authorship rights, and possibly obtain public performance rights in musical recordings as well.

Rather than permit the recording industry to achieve numerous end-runs around copyright law and policy, Congress should act promptly to resolve these issues through legislation. It may well serve the best interest of the public, and impose little detriment on recording artists, to eliminate

137. *See supra* notes 106–09 and accompanying text.

HeinOnline -- 75 S. Cal. L. Rev. 417 2001-2002

termination rights in sound recordings, either through sui generis legislation or through amending the work-made-for-hire definition to include "specially ordered or commissioned" sound recordings. Congress, however, also has the opportunity to protect against any further erosion of the termination rights of songwriters whose works are utilized in sound recordings, and to restore the termination rights of songwriters whose works are utilized in audiovisual works. Because, unlike the termination rights of recording artists, the termination rights of songwriters are likely to have significant value and are unlikely to be encumbered by complex joint authorship questions, protecting and, indeed, broadening those rights will not impair the marketability of those musical compositions, nor will it impair the marketability of any derivative works (such as motion pictures) that incorporate those compositions because those works are already protected under the derivative works exception. Accordingly, any legislative proposals regarding the authorship of sound recordings must be accompanied by careful consideration of the rights of songwriters.

It has been thirty-five years since Professor Benjamin Kaplan, in his landmark essay, *An Unhurried View of Copyright,* criticized the 1966 copyright revision bill for failing to address the ownership of sound recording copyrights: "[T]he revision bill takes the ostrich tack of omitting to say who is to be the presumptive owner of the copyright—performer, manufacturer, or both."[138]

Thirty-five years is a long time, even for an ostrich.

138. BENJAMIN KAPLAN, AN UNHURRIED VIEW OF COPYRIGHT 109 (1966).

HeinOnline -- 75 S. Cal. L. Rev. 418 2001-2002