Two recent court decisions examined, addressed, and adjudicated parallel issues potentially determining the scope of rights of legions of recording artists and freelance authors. While the core of each case centered on the fact that the agreements between each of the respective litigants did not expressly grant (or reserve) the exercise of the particular rights in dispute, the decisions of the courts have seemingly antithetical results. A review of each court’s application of the governing law to the disparate facts of each case presents an interesting illustration of the relationship among business, the arts, and the role of the Copyright Act.¹

In Greenfield v. Philles Records, Inc.,² the New York State Court of Appeals relied on “long-settled common-law contract rules”³ to determine the breadth of rights transferred under the terms of a 1963 recording agreement. The court’s seemingly cold and sterile application of common law led it to modify a lower court’s ruling,⁴ rendering such lower court’s judgment in favor of the recording artists little more than a Pyrrhic victory.

In New York Times Co., Inc. v. Tasini,⁵ the Supreme Court of the United States considered the merits of the assertion that section 201 of the Copyright Act⁶ permits a publisher to reproduce and distribute contributions to a collective work within a searchable electronic database.⁷ Citing the seemingly paternalistic intent of the legislative history underlying the 1976 revisions to the Copyright Act,⁸ the Court ruled in favor of the freelance authors.

The protection of one’s copyright interests as secured by the United States Constitution⁹ cannot exist in a vacuum. Only through legislative amendments and ever-evolving case law can the intent behind Article I, Section 8, Clause 8¹⁰ be preserved. This article is intended to illustrate the evolving nature of the meaning of this clause through a side-by-side review of the two cases set forth above.

I. Background

A. I Can Hear Music¹¹ (But I Don’t See Any Royalties): Philles

In 1963, the Ronettes, comprised of Veronica Bennett,¹² Estelle Bennett, and Nadra Talley, signed a five-year recording agreement with producer and composer, Phil Spector. In exchange for a one-time $15,000 cash advance¹³ and the potential of additional royalties when, and if, revenue generated from the sales of master recordings exceeded such initial cash advance,¹⁴ Spector’s production company,
Philles Records, Incorporated, acquired ownership of the master recordings embodying the Ronettes musical performances. Despite the commercial success of Billboard-charting songs such as “Be My Baby,” “Walking in the Rain,” and “Do I Love You,” 15 as well as recording and delivering dozens of additional masters to Philles, 16 the Ronettes never received any royalties. In 1967, the Ronettes disbanded, and shortly thereafter Philles Records went out of business. However, even when Philles Records went out of business, the rights in and to the Ronettes’ masters were retained by Philles’ owner, Phil Spector.

Subsequently, with the resurgence of public interest in ‘60s music and the advent of new recording technologies, most notably, the compact disc or “CD,” Spector began to grant third parties the right to synchronize the Ronettes’ masters in audio-visual works, such as the use of “Be My Baby” in the 1987 film Dirty Dancing. 17 Not stopping with the granting of these synchronization rights, Spector also began to grant third parties the right to produce and distribute the Ronettes’ masters for redistribution within the United States. 18 Despite this new market for their music, and the resultant newly found revenue streams, the Ronettes never received any royalties from Philles or Spector.

In 1987, the Ronettes brought suit against Spector in New York state court asserting that the 1963 recording agreement did not provide the defendants with the right to license the subject masters for synchronization or for domestic redistribution. 19 The trial court awarded damages and interest to the plaintiffs on the theories of breach of contract and unjust enrichment. 20 On appeal, the Appellate Division affirmed the lower court’s decision concluding that the defendant’s actions were not authorized by the agreement because such agreement did not specifically transfer the right to issue synchronization licenses or third party distribution licenses. 21 The Appellate Division further held that the plaintiffs were entitled to receive 50 percent of income derived from synchronization and third party licensing 22 consistent with current industry standards. 23

B. The Old Gray (and Overreaching) Lady 24: Tasini

In New York Times Co. v. Tasini, 25 numerous freelance authors 26 were separately engaged as independent contractors by one or more of the publishers of such periodicals as The New York Times, New York Newsday, and Sports Illustrated to provide articles for their periodicals. 27 Each article was registered with the United States Copyright Office in the name of the respective author. Additionally, in New York Times Co. v. Tasini, numerous freelance authors were separately engaged as independent contractors by one or more of the publishers of such periodicals as The New York Times, New York Newsday, and Sports Illustrated to provide articles for their periodicals.
periodicals, specifically alleging copyright infringement. In response to the plaintiffs' suit, the defense filed a motion for summary judgment asserting the privilege accorded to collective work copyright holders pursuant to section 201(c) of the Copyright Act. The District Court granted the defendants' motion for summary judgment, holding that the use of the articles within NEXIS was subject to a statutory privilege extended to the owners of a copyright in a collective work. On appeal, the trial court's decision was reversed, and the use of the articles within NEXIS was found to be beyond the scope of section 201(c).

II. Discussion

In both Philles and Tasini, one of the central problems was that the agreements between each of the respective parties, the Ronettes and Philles in Philles and the authors and the publications in Tasini, did not expressly grant (or reserve) the exercise of the particular rights upon which the plaintiffs' claims and the subsequent litigation was based. Indeed, the Philles court noted that, although the plaintiffs conceded that the agreement unambiguously granted the defendants unconditional ownership rights to the masters, the plaintiffs then argued that the agreement "does not bestow the right to exploit such masters in new markets or mediums since the agreement is silent on those topics." In Tasini, the authors were engaged pursuant to agreements that did not secure consent for the placement of an article, by the publisher or any other third party, within an electronic database.

Although each case pertained to the exploitation of artistic works in new markets and media and the failure of an existing written agreement to address such exploitation, the issues before the courts were framed in substantially different manners. As the creation of the masters in Philles pre-dated the extension of federal statutory copyright protection to master recordings, which did not occur until 1971, the parties' dispute and its resolution were not governed by the United States Copyright Act. Rather, the issue before the Philles court was whether the recording artists' transfer of full ownership rights to masters also conveyed the unconditional right to redistribute the same in any technical format. However, in Tasini, both the authors' articles and the publishers' periodicals were subject to copyright protection. The issue, therefore, was whether use of an article in a searchable electronic database was subject to the privilege granted to the owner of a collective work featuring such article pursuant to section 201(c). This privilege allows a publisher to reproduce and distribute an article as part of any of three categories of collective works: (i) "the collective work to which the author contributed such work;" (ii) "any revision of that collective work;" or (iii) "any later collective work in the same series."

A. The Court of Appeals of New York's Analysis in Philles

The Philles court set the parameters of its decision by noting that if an agreement is, on its face, reasonably susceptible to only one meaning, a court is not free to alter the agreement to reflect its personal notions of fairness and equity. The court then stated that the standard for introducing extrinsic evidence to determine the intent of parties to the agreement at issue turned on the issue of ambiguity — extrinsic evidence could only be introduced if the agreement or any pertinent part thereof was found to be ambiguous. The question for the court thus became: did the agreement's silence on synchronization and domestic licensing create an ambiguity which permitted the court to examine extrinsic evidence beyond the four corners of the
Resoundingly, the court concluded that there was no ambiguity, and that, therefore, there was no need for examination of any extrinsic evidence.

Accordingly, the court did not allow the admission of extrinsic evidence to modify or supplement the express terms of the 1963 agreement. Again, as the masters’ creation preceded the extension of copyright protection to such works, the court proceeded to scrutinize the agreement using the applicable case law. New York case law has a well-established precedent stating that an artist/grantor does not retain any rights to artistic property once it is unconditionally transferred. Indeed, in analogous contract disputes, other courts have recognized that broad contractual provisions convey “virtually unfettered” reproduction rights to a grantee absent specific exemptions to the contrary.

The court then cited a provision within the Ronettes’ agreement as being dispositive since it granted the “defendants the right to make phonograph records, tape recordings or other reproductions of the performances embodied in such recordings by any method now or thereafter known, and to sell and deal in the same.” The court concluded that the Ronettes’ agreement, read as a whole to determine its purpose and intent, is susceptible to only one reasonable interpretation: the defendants are authorized to license the masters for visual media (such as movies and television commercials or broadcasts) and for domestic release by third parties in audio formats.

The court therefore ultimately held that the agreement, read as a whole, permitted the defendants to exercise complete ownership rights without any payment of royalties to the Ronettes for the revenue derived from synchronization licensing. However, the court did find that the schedule of royalties which addressed domestic sales included the sale of records, compact discs, and other audio reproductions by entities holding third party distribution licenses from Philles. The agreement thus permitted Philles/Spector to exercise complete ownership rights without any obligation to remit royalties to the plaintiffs for synchronization licenses. Philles/Spector was

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**B. The United States Court of Appeals’ Analysis in Tasini**

In *Tasini*, the defendants had argued that reproducing and distributing each article within a database is subject to the publisher’s “privilege of reproducing and distributing the articles as part of … a revision of that collective work,” The *Tasini* Court began its analysis with a look at the privilege set forth in section 201(c) of the Copyright Act. The court applied this privilege to the facts before it by delineating the two distinct sets of copyrights concerned— a copyright in each separate contribution to a collective work and a copyright in the overall collective work. Prior to the 1976 revisions to the Copyright Act, authors risked losing their rights when their articles appeared in collective works without the requisite copyright notice. If a publisher printed such article only in the publisher’s name, the author’s work became part of the public domain. With the 1976 revisions, Congress clarified the confusing and frequently unfair legal situation regarding rights in contributions. The Court then reinforced the legitimacy of Congress’ intent, saying that Congress’ adjustment of the author/publisher balance is permissible expression of the “economic philosophy behind the [Copyright Clause]” (i.e., “the
conviction that encouragement of individual effort [motivated] by personal gain is the best way to advance public welfare”).

The language of the statute itself says that a publisher is privileged to reproduce and distribute an article only “as part of” any of three categories of collective works: (i) the contribution as part of “that particular collective work;” (ii) “any revision of that collective work,” or (iii) “any later collective work in the same series.” In an attempt to clarify the statute, the Court explained that the statute is intended to adjust a publisher’s copyrights in the collective work to accommodate a freelancer’s copyright. Accordingly, if there is demand for a freelance article standing alone, or in a new collection, the Copyright Act allows the freelancer to benefit from that demand.

In applying this section of the Act to the facts at hand, the Court began its inquiry by noting that in determining whether the articles had been reproduced and distributed “as part of” a “revision” of the collective work in issue, the focus is on the articles as presented to, and perceived by, a database user. In the case before it, the database presented articles to users absent the context provided by the original periodical editions. Rather, a user’s search yields articles which appear as wholly-separate items. The original graphics and formatting are not present, and the article lacks the context of being among the other articles with which the article was initially published. The Court emphasized this fact, stating that a user was not viewing the articles “as part of” any larger work but simply as “individual articles presented individually.”

The Court summarily rejected the defendants’ assertion that reproducing and distributing each article within a database is subject to the “privilege of reproducing and distributing the articles as part of … a revision of that collective work,” as such an encompassing construction would diminish the author’s exclusive rights. To entertain the publisher’s argument would scarcely preserve the author’s copyright in their work as contemplated by Congress. Affirming the authorial rights which Congress established in section 201(c), the Court affirmed the judgment of the Court of Appeals, finding the defendants liable for infringement.

The basis of the Copyright Act (and the copyright protection which the Act creates) is found in Article I, Section 8, clause 8 of the United States Constitution. This clause grants Congress the power “to promote the Progress of Science … by securing [to Authors] for limited Times … the exclusive Right to their Writings.” Even with this constitutional protection of copyright, the interests of business, as embodied by those entities wielding capital and power, have historically trumped the rights of artists, who are often lacking industry experience, business acumen, and/or the benefit of legal counsel. It is for this reason that the fortification of copyright protection through both legislation and case law is so crucial to all artists seeking the protections promised in the Constitution. The Court’s application of section 201(c) in preserved the integrity of authors’ rights throughout the literary world. Similarly, the advent of copyright protection in master recordings lessened inequities throughout the recording industry. In 1971, Congress amended the Copyright Act, extending copyright protection to masters. Such legislation secured copyright protection in masters “fixed” in a phonorecord for the first time after February 15, 1972. Indeed, for those masters “fixed” after February 15, 1972, the outcome of a dispute such as that upon which was based would theoretically have been substantially different. A decision on par with that of the Court would be anticipated.
Much like the publishers’ efforts thwarted by the Tasini decision, record labels have worked to ebb the tide of the expansion of artists’ rights that has resulted from the federal statutory recognition of copyright protection in masters. Typically, a “belt and suspenders” approach is taken to ensure that any masters created by an artist pursuant to a recording agreement are created as, and remain, the property of such record label. Common industry practice dictates that an artist is paid in one of two ways, both essentially a prepayment of royalties. Either an artist receives recording costs plus an advance or an artist receives a recording fund. Regardless of the form of this prepayment of royalties, in exchange for such advance as well as royalties upon recoupment, a record label typically acquires ownership in the masters performed and recorded by the subject artist. Boilerplate provisions in recording agreements of recent vintage usually include a two-fold, fail-safe approach to circumvent the Copyright Act and the reach of section 102(a)(7) as follows:

Each master, video, and artwork made under this agreement or during its term, from the inception of its recording, will be considered a “work made for hire” for Company; if any such master, video, or artwork is determined to be not such a “work,” it will be deemed transferred to Company by this agreement, together with all rights and title in and to it.

The effect of these provisions is to cause copyright ownership in and to the masters to vest, from inception, with the record label. Under the work-for-hire doctrine, the record label (as opposed to the artist) is deemed to be the author of the masters. This doctrine is supplemented by the requirement that, in the event the masters do not vest with the label for whatever reason, the artist will assign any and all interest in therein to the label. Moreover, it has become industry practice for the following grant of rights provision to be included within recording agreements:

Company and any Person authorized by Company has the unlimited and exclusive rights to manufacture and/or distribute Records by any and all methods now or hereafter known embodying any portion or all of the performances embodied on Masters hereunder; to publicly perform such Records and to permit the public performance thereof in any medium; to import, export, sell, transfer, transmit, lease, rent, deal in or otherwise dispose of such Masters and Records derived throughout the Territory under any trademarks, trade names or labels designated by Company; to remix, edit, or adapt the Masters to conform to technological or commercial requirements in various formats now or hereafter known or developed.

The result of the insertion of this provision into recording contracts is that a label owns (or is entitled to own) the masters and has the unfettered discretion to exploit the same, solely as it deems appropriate.

Innumerable parallels between these boilerplate provisions and post-Tasini book publishing, magazine, and newspaper agreements may be drawn. Indeed, it has been stated that the sole purpose of the so-called “all-rights” contracts now tendered by publishers is to undermine the crucial principle that each right in a contract must be claimed separately and specifically and that any right not claimed (i.e., expressly granted to the publisher) remains with the author.

A recent trend has allowed artists to negotiate the reversion (or assignment) of the subject masters from the label to the artist directly into the recording agreement. A typical provision would provide that after an agreed upon number of years (most often between 10 to 15 years) from the later of the expiration of the recording agreement or recoupment of any and all advances paid to the artist, the label agrees to assign any and all copyrights in and to the masters (recorded pursuant to the recording agreement) to the artist. This artist-friendly trend has allowed less-established labels to compete with the majors and has also driven down the initial advance that labels pay to the artist. While not yet mainstream, this idea of a reversion or assignment represents a substantial inroad toward establishing a balance between business and artists within the industry.
Philles did not become the great equalizer between artists and labels. Generations of artists (predating federal copyright protection in master recordings) remain bound to the agreements to which they originally subjected themselves, and – unlike the authors’ party to Tasini – they consequently do not benefit from the paternalistic intent of the Copyright Act. Such artists remain subject to the strict terms of their particular agreements due to the application of common law contract rules. However, as part of the evolution of the relationship between business and artists, Philles should not be perceived merely as an albatross but rather should serve as a beacon of warning to aid artists in navigating the waters of the recording industry. Similarly, while the Tasini decision preserved the integrity of authors’ rights throughout the literary world, great care must be exercised to preserve such in-roads. Although legislative amendments and case law may serve to augment artists’ rights, overreaching agreements can trump such shifts in the balance of power.

IV. Conclusion

ENDNOTES

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3 Id. at 170.
7 Tasini, 533 U.S. at 493.
9 See U.S. CONST. art. I, § 8, cl. 8.
10 See id.
11 “I Can Hear Music” was the final Ronettes single released by Philles in late 1966. THE RONETTES, I CAN HEAR MUSIC (Philles Records 1966).
12 Now currently known as “Ronnie Greenfield”. Also formally known as “Ronnie Spector” as she was married to Phil Specter from 1968 to 1974. The discussion of this, and its application to this matter, is beyond the scope of this article.
13 Greenfield, 750 N.Y.S.2d at 567.
14 Id.
15 BILLBOARD magazine compiles weekly album and singles charts based upon U.S. sales and radio airplay. “Be My Baby” peaked at No. 2 on the Pop Singles Chart in 1963; “Walking in the Rain” peaked at No. 23 on the Pop Singles Chart in 1964; and “Do I Love You” peaked at No. 34 on the Pop Singles Chart in 1964.
16 Greenfield, 750 N.Y.S.2d at 567.
18 Greenfield, 750 N.Y.S.2d at 568.
19 Id.
22 Id.
23 DONALD S. PASSMAN, ALL YOU NEED TO KNOW ABOUT THE MUSIC BUSINESS 176, 426 (2000).
24 An obvious reference to the endearing moniker often given to The New York Times.
26 Mary Kay Blakely, Barbara Garson, Margot Mifflin, Sonia Jaffe Robbins and David S. Whitford.
27 Tasini, 533 U.S. at 489.
28 Id.
29 Id.
30 Id.
31 Id. at 490.
32 Id. at 491.

40 Greenfield, 750 N.Y.S.2d at 567.


42 Tasini, 533 U.S. at 493.

43 17 U.S.C. § 201(c).


45 Greenfield, 750 N.Y.S.2d at 569 (citing W.W.W. Assoc., Inc. v. Giancontieri, 77 N.Y.2d 157, 162 (1990)).

46 750 N.Y.S.2d at 570.

47 Id. at 570.


49 Greenfield, 750 N.Y.S.2d at 570.

50 See Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co., 145 F.3d 481 (2d Cir. 1998).

51 Greenfield, 750 N.Y.S.2d at 568-69 (emphasis added).

52 Id. at 570.

53 Id. at 572.

54 Id.

55 Id. (emphasis in original).


58 Id. at 493-94.


60 Id.


62 Id.


65 Id.


67 Tasini, 533 U.S. at 493,497.

68 Id. at 497 (citing Stewart v. Abend, 495 U.S. 207, 229 (1990)).

69 Id. at 499.

70 Id.

71 Id. at 500.

72 Id. at 500.

73 Id. at 499; 17 U.S.C. § 201(c) (2003).

74 Tasini, 533 U.S. at 499.

75 Id. at 499 (citing Wendy Gordon, Fine-tuning Tasini: Privilege of Electronic Distribution and Reproduction, 66 BROOK. L. REV. 473, 484 (2000)).


77 Tasini, 533 U.S. at 506.

78 See U.S. CONST. art. I, § 8, cl. 8.

79 Id.


81 See 17 U.S.C. § 102(a)(7) (2003); also note author uses the terms "sound recording", "master recording" and "master" interchangeably herein; ("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.”) 17 U.S.C. § 101 (2003).

82 “A work is ‘fixed’ in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration. A work consisting of sounds, images, or both, that are being transmitted, is ‘fixed’ for purposes of this title if a fixation of the work is being made simultaneously with its transmission.” 17 U.S.C. § 101 (2003).

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

84 Id. § 107.

85 Greenfield v. Philles Records, Inc., 750 N.Y.S.2d 565, 572 (2002) (“However sympathetic plaintiff’s plight, we cannot resolve the case on that ground under the guise of contract construction. Our guiding principals must be to neutrally apply the rules of contract interpretation…”).

86 PASSMAN, supra note 23, at 110 (The label pays a set amount of money to an artist as an advance. The label then also pays the recording costs to the appropriate third parties).

87 Id. (The label pays a set amount of money to the artist which includes the recording costs as well as an advance).

88 Id. (The process of keeping an artist’s royalties (i.e., the artists share of proceeds from the sale of an album) to recover any advances paid by a record label is commonly known as “recoulement”).

89 M. WILLIAM KRAISLOVSKY & SIDNEY SHEMEL, THIS BUSINESS OF MUSIC 28 (2000).


92 Id. at 909-10.

93 Major publishing houses have listed all the rights the publisher is acquiring from the author such as the right to license the works to book clubs, to reprint, release as e-books, use in anthologies, digests, magazines, condensations and microfilm.

94 Updike, supra note 80.

95 See Phyllis Stark, Artists First at Equity Label, BILLBOARD BULL., Aug. 1, 2003, at 1.

96 For a parallel discussion regarding the subject of reversion as it applies to the field of music publishing and musical compositions, see PETER M. THALL, WHAT THEY’LL NEVER TELL YOU ABOUT THE MUSIC BUSINESS 202, 210-211 (2002).