Wringing Songwriters Dry: Negative Consequences of Compulsory Licensing for Ringtones

Daniel H. Mark*

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On October 16, 2006, the United States Copyright Office concluded in a Memorandum Opinion (the Ringtone Opinion) that, subject to certain caveats, the Copyright Act’s § 115 statutory license applies to ringtones.1 The Copyright Office concluded that ringtones (including monophonic and polyphonic ringtones, as well as mastertones) are phonorecords, and deliveries of ringtones by wire or wireless transmission constitute digital phonorecord deliveries subject to compulsory licensing under § 115.2

* J.D. Candidate, The George Washington University Law School, 2008; B.A., Stanford University, 2003. This article is dedicated to my parents, Nang and Margaret Wong, whose love for music has become my passion, and to my grandmother, Yu Chen Ting, for her wisdom, inspiration, and gift with words. Runner-up in The GRAMMY Foundation’s 10th Annual Entertainment Law Initiative Writing Competition.

1. Mechanical and Digital Phonorecord Delivery Rate Adjustment Proceeding, 71
2. Id. at 64,304.

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In the Ringtone Opinion, the Copyright Office provided a test to determine whether a particular ringtone will qualify for the statutory compulsory license under § 115. The opinion noted that whether a particular ringtone falls within the scope of the statutory license will depend primarily upon whether what is performed is simply the original musical work (or a portion thereof), or a derivative work (i.e., a musical work based on the original musical work but which is recast, transformed, or adapted in such a way that it becomes an original work of authorship and would be entitled to copyright protection as a derivative work).3

The opinion explained further that “[r]ingtones that are merely excerpts of a preexisting sound recording fall squarely within the scope of the statutory license.”4 On the other hand, “those that contain additional material may actually be considered original derivative works and therefore outside the scope of the Section 115 license.”5 The opinion reasoned that to be considered a derivative work outside the bounds of the statutory license, a ringtone needs to exhibit a degree of creativity sufficient to be copyrightable under the traditional standard of Feist Publications, Inc. v. Rural Telephone Service Co.6 Though not explicitly stated in the Ringtone Opinion, one can infer that whether a ringtone is a derivative work is a key issue because it implicates a third exclusive right of copyright—the adaptation right (right to make derivative works)—that is not included in the bundle of rights that come with a § 115 compulsory license.7

I. NEGATIVE CONSEQUENCES

A. Who Now Decides Whether To Release Ringtones?

As a result of the Copyright Office’s Ringtone Opinion, whenever a new song is released under the authority of its copyright owner, anyone can get a license to make and distribute ringtones8 of

3. Id. at 64,303.
4. Id. at 64,304.
5. Id.
6. Id. at 64,310 (citing Feist Publ’ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 345 (1991)).
8. At least this is the case for monophonic and polyphonic ringtones. Mastertones also require a sound recording license, usually from the record company, but as will be discussed, the interests of record labels and musician/songwriters may not always be
that song, regardless of whether the songwriter (or its music publisher) approves, and regardless of whether any ringtones of that song have been previously authorized or released by the songwriter or record company. To explain statutorily, a CD or digital music file is a “phonorecord”9 of a musical work. When those CDs or digital downloads are “distributed to the public in the United States under the authority of the copyright owner, any other person, including those who make phonorecords or digital phonorecord deliveries, may . . . obtain a compulsory license to make and distribute phonorecords of the work.”10 Thus, the distribution of the music means that anyone, including those without any affiliation with the artist or record label, can get a compulsory license under § 115. The problem is that under § 115(c)(3)(A), those with a § 115 compulsory license also have the right to distribute digital phonorecord deliveries of the musical work.11 And now that ringtones are considered digital phonorecord deliveries, it logically follows that anyone can distribute ringtones as soon as the music is released. This is a mechanical, unbreakable formula. When an artist releases music, he has licensed ringtones, even if he has never offered any ringtones of the music himself and would never want to.

1. The Risk to Songwriters

Helpless to prevent the licensing of their songs for ringtones, certain songwriters may be forced to risk their artistic reputations to unintended and unwarranted indications of ringtone sponsorship just by releasing music. Now that every distribution (and perhaps even non-commercial and promotional distributions) of recorded music under the authority of the copyright holder creates a compulsory license for ringtones under § 115, there will always be a risk to songwriters that some third party will be making and selling ringtones of their songs, and there is no “opt-out” provision for songwriters who might not wish to sanction that format. Consumers who hear those ringtones in public or who see those ringtones

aligned. See Edna Gundersen, Mastertones Ring Up Profits: With Millions Sold Every Week, Record Labels Are Reveling in Revenue, Promotion Potential, USA TODAY, Nov. 29, 2006, at 1D.

9. 17 U.S.C. § 101 (2000) (defining “phonorecords” as “material objects in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device”).

10. Id. § 115(a)(1) (emphasis added).

11. Id. § 115(c)(3)(A).
advertised in the marketplace are largely unaware of the delicate nuances of copyright law. They hear a song they know by a musical artist or songwriter they recognize, and they are likely to assume that it was authorized, or at least licensed, by that artist or songwriter. This association has the potential not only to tarnish the songwriter's hard-earned reputation, but may also lead to serious economic ramifications in an industry where reputation, image, and sales are inexorably intertwined. For all songwriters and musical artists, whether mainstream or independent, the way in which a song is exploited commercially can affect their artistic reputation, and a compulsory ringtone license would prevent them from exercising their own artistic judgment as to what degrades the meaning of their works.

2. Can Songwriters Depend on Their Record Labels As Gatekeepers?

Having recognized the potential risks to songwriter reputation, we recall that the popular mastertone format requires both a license for the underlying musical work and a license for the sound recording since it reproduces the actual recorded sounds of the musical track.12 The question then arises: if songwriters cannot refuse a compulsory license for ringtones derived from their musical compositions under the Ringtone Opinion, will their record labels deny a voluntary sound recording license to prevent the issuance of mastertones? Certainly, there may well be instances where a label values its relationships with its artists more than the potential revenue from licensing ringtones; however, given the current marketplace with massive layoffs,13 severely diminishing sales figures,14 and a need for new revenue streams, nothing is guaranteed, especially given the fact that the musical artists bear the sole risk to reputation. Major Labels now appear to be more bottom-line driven than ever,15 and with ringtones bringing in sorely needed alternative revenues and providing market saturation exposure for their artists in the short-term, it is unlikely labels would forego mastertone licensing, despite the potential long-term effects on the longevity of an artist's or songwriter's career.

12. See supra note 8 and accompanying text.
15. For example, record companies are now restructuring some of the contracts they have with their artists into what are called “multi-platform deals,” where they now take a cut from revenue streams beyond recorded album sales, such as touring, merchandising, publishing, sponsorships, and film, TV, book and video game projects. Those revenue areas had traditionally been retained by the artist. See Ben Cardew, From a Stream to a River: The Rise of the Multi-Platform Deal, MUSIC WK., June 16, 2007, at 4.
II. POTENTIAL SOLUTIONS: HOW SONGWRITERS CAN RESPOND

A. Challenging the Reasoning of the Ringtone Opinion

1. Ringtones Are Derivative Works by Definition

Faced with the potential tarnishing of their artistic reputations, songwriters can respond by challenging the reasoning of the Ringtone Opinion itself and demonstrating that a ringtone is, by definition, a derivative work. The Copyright Act defines a derivative work as

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.”16

Based on a plain reading of the definition and its division into two sentences, there appears to be two different paths that can lead to a derivative work. Listed first is the “recasting” prong, where preexisting works have been “recast, transformed, or adapted” from one form to another.17 Dramatization, for example, is a derivative work because it recasts a story from text to stage.18 Likewise, motion picture versions of operas are derivative works because they recast a work from stage to film screen.19 The second part of the derivative works definition is the “modifications” prong, where revisions or modifications constitute a derivative work because, as a whole, they “represent an original work of authorship.”20 Nowhere in the derivative works definition does it seem to indicate that both prongs have to be satisfied for something to be considered a derivative work. The Copyright Office makes this assumption when they hold that “[t]o be considered a derivative work, a ringtone must exhibit a degree of originality sufficient enough to be copyrightable.”21 They are, in a sense, requiring that ringtones fall under the “modifications” prong of derivative works; however, ringtones could potentially be derivative

17. Id.
21. Mechanical and Digital Phonorecord Delivery Rate Adjustment Proceeding, 71 Fed. Reg. 64,303, 64,310 n.79 (Copyright Office Nov. 1, 2006) (final order).
works under the “recasting” prong without a need to show “modifications which, as a whole, represent an original work of authorship.” 22 Indeed, under the “recasting” prong, a ringtone would not only be an “abridgement” and a “condensation,” but also a musical work that has been “recast” as a cellular alert. In the same way that a motion picture qualifies as a derivative work for adapting a novel from text to film, a ringtone should qualify as a derivative work for adapting a musical work from stereo to cellular phone speaker. Instead of the notes of the song providing purely aesthetic pleasure, a ringtone recasts those notes to the more utilitarian and repetitive function of call notification and caller identification. And just as we do not grant a compulsory license to make a motion picture whenever a new novel is released, we must also not grant a compulsory license to make a ringtone whenever a new song is released.

2. Ringtones Satisfy the *Feist* Standard for Creativity

Even if the Copyright Office’s holding were to stand, and *Feist*-like originality is required to be a derivative work, ringtones meet that originality standard. While *Feist* does hold that there can be no copyright in a work in which “the creative spark is utterly lacking or so trivial as to be virtually nonexistent,”23 *Feist* also notes that “[t]o be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, ‘no matter how crude, humble or obvious’ it might be.”24

Indeed, the creation of ringtones meets the *Feist* standard because the selection process of choosing which part of the song to use as the ringtone possesses more than just a “humble” or “obvious” creative spark.25 The RIAA itself admitted as much in its oral arguments when it explained that “record companies hire contractors to select hooks from popular sound recordings and then create ringtones including these hooks.”26 If there is not even a “crude” creative spark in the selection of hooks for ringtones, why must

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24. *Id.* at 345 (citation omitted).
25. *See id.*
contractors be hired at all? If it were really as mechanical and “trivial” as the Copyright Office held it to be, why not just select the hooks automatically with a computer or a machine? Why not just select the first thirty seconds of a song or the last thirty seconds? Indeed, these are not real options because it requires a creative spark to identify successfully a song’s hook for a ringtone, and a ringtone’s commercial success is likewise dependent on this creativity in selection. This is further evidenced by the fact that for one song there can be multiple ringtones available. If hook selection were truly a mechanical decision with not even “crude” creativity, how could there be more than one result? A mechanical, discretion-less, and thoroughly uncreative process would seem to input one song and output one ringtone. Thus, the decision to sample a particular portion or multiple portions of a song demonstrates sufficient creativity to meet the *Feist* test.

Photographs are the perfect analogy for the creative spark inherent in ringtone hook selection. Since the days of *Burrow-Giles Lithographic Co. v. Sarony* in the late 19th century, photographs have been recognized as creative enough to qualify for copyright protection.\(^{27}\) In photographs, the necessary creativity for a copyright, amongst other things, comes from the effect created by the photographer’s selection of scene and setting, the framing of their subject, and the arrangement of lighting.\(^{28}\) Choosing a hook for a ringtone is no different from framing a photograph. The song editor is akin to the photographer; he selects the framing and point of reference for the ringtone such that it creates a desired creative and aesthetic effect. If photographs, which merely reproduce what is present in reality, can exhibit enough of a “degree of creativity” in their framing and arrangement in order to be copyrightable, mastertones, despite merely reproducing sounds that are already captured in a sound recording, must also embody enough creativity in the selection of song hooks to meet the *Feist* standard.

**B. Seeking Injunctions Under State Right of Publicity Law**

Artists and performing songwriters may also be able to seek injunctions under their state rights of publicity.\(^{29}\) Because ringtones

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27. 111 U.S. 53 (1884).
28. *Id.* at 60.
are marketed as lifestyle and personal identification accessories.\textsuperscript{30} Many ringtones are purchased primarily for the user to create an association with the persona or image that a musical artist has invested time and effort in developing. In effect, ringtone providers are appropriating the commercial value of these artists' identities, and are using the artists' personas in connection with their ringtone services.

Because of this commercialization of artists' personas and images in the creation of ringtones, a strong analogy can be made to the many physical image and likeness appropriation cases under state right of publicity law. For example, in 2005, the Seventh Circuit held in \textit{Toney v. L'Oreal USA, Inc.} that the use of a model's likeness in photographs for hair product packaging, beyond the contractually agreed upon time period, was a violation of her right of publicity.\textsuperscript{31} The court held that “what is protected by the right of publicity is the very identity or persona of the plaintiff as a human being.”\textsuperscript{32} Under equivalent reasoning, the use of an artist's identity or persona in a ringtone, though not visible, is used in the same way to sell a product. The artist's image is the “packaging” for the song clip; it is what consumers perceive and evaluate when they make their ringtone purchasing decisions. Just as it is unfair to use the physical likeness of a person beyond contractual terms, the use of a songwriter's or artist's persona against his wishes in the compulsory licensing of a ringtone is equally inequitable.

For mastertones, the arguments for right of publicity protection are even stronger. Not only is the artist's identity and persona tied up in his name and music, but his actual \textit{voice} is being used in a way so as to create an impression of ringtone sponsorship. A number of cases have held that such commercial exploitation of an individual's voice, without consent, is a violation of his or her right of publicity. The Ninth Circuit case of \textit{Midler v. Ford Motor Co.} involved the use of a Bette Midler voice impersonator in an automobile commercial that Midler had not authorized.\textsuperscript{33} In recognizing that the advertiser was seeking Midler's voice as an attribute of her identity, the court held that “[a] voice is as distinctive and personal as a face. The human voice is one of the most palpable ways identity is manifested. . . . The


\textsuperscript{31} 406 F.3d 905, 910 (7th Cir. 2005).

\textsuperscript{32} \textit{Id.} at 908 (quoting 2 J. THOMAS McCARTHY, \textit{THE RIGHTS OF PUBLICITY & PRIVACY} § 11:52 (2d ed. 2004)).

\textsuperscript{33} 849 F.2d 460, 461 (9th Cir. 1988).
singer manifests herself in the song.”34 Likewise, in *Waits v. Frito-Lay, Inc.*, the Ninth Circuit held that an imitation of Tom Waits’s unique voice in a radio commercial was a misappropriation of his voice because his voice was “widely known.”35 Considering that both *Midler* and *Waits* provided a right of publicity remedy to artists for an *imitation* of their voices, a songwriter or musical artist’s claim against an unwanted mastertone using a sound recording of his *actual* voice might be an even stronger claim. Indeed, if songwriters wish to fight against the release of unwarranted ringtones under a compulsory license system, state rights of publicity are certainly strong grounds for seeking possible injunctions.

### III. CONCLUSION

A compulsory license for ringtones unnecessarily risks the artistic integrity and reputation of artists and songwriters who have no meaningful way of opting out of the licensing scheme. Thankfully, there are significant ways their interests can be protected, both by challenging the reasoning of the Ringtone Opinion and by arguing a violation of their rights of publicity. Ultimately, we must hope for a more equitable result than the existing situation. Even though full-track mobile downloading and user-initiated “sideloading” of MP3s onto modern high-capacity cell phones may eventually displace hook-based ringtones, the legal treatment of ringtones is an important first precedent in the mobile entertainment arena, and care must be taken not to create inequitable legal paradigms for the many transitions to come.

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34. *Id.* at 463.