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Happy Together? The Uneasy Coexistence of Federal and State Protection for Sound Recordings

Gary Pulsinelli

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HAPPY TOGETHER? THE UNEASY COEXISTENCE OF FEDERAL AND STATE PROTECTION FOR SOUND RECORDINGS

GARY PULSINELLI*

*Me and you and you and me
No matter how they toss the dice
It has to be
The only one for me is you,
And you for me
So happy together*

—The Turtles, *Happy Together* (written by Alan Gordon & Garry Bonner)

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INTRODUCTION

The musical group The Turtles had several successful releases during the 1960s, but its biggest hit by far was *Happy Together*, recorded and released in 1967.¹ Now, the members of The Turtles want to be paid when their recording of the song is played on satellite radio or streamed over the Internet, one of the rights granted to owners of rights in sound recordings under the federal Copyright Act.² Unfortunately for them, United States copyright law did not provide protection for sound recordings until 1972, and even then the protection was not applied retroactively.³ Lacking a federal remedy but still wanting the same treatment as more recent artists, The Turtles have turned to the states for help. They have filed a class-action suit against satellite radio provider SiriusXM in California, claiming that they have common law copyrights in those states and are thus entitled to compensation when their songs are played on satellite radio.⁴

1. See *The Turtles*, WIKIPEDIA.ORG, http://en.wikipedia.org/wiki/The_Turtles (last visited Feb. 24, 2014). For an “official” history of the band (at least through 1989), see *The History of the Turtles Featuring Flo & Eddie*, http://theturtles.com/downloads/TurtlesLONGHistory_1989.pdf.

2. See 17 U.S.C. § 106(6) (2012) (granting the “digital performance” right).

3. See Sound Recording Amendment Act of 1971, Pub. L. No. 92-140, 85 Stat. 391 (1971) (codified as amended at 17 U.S.C. §§ 1, 5, 19, 20, 26, 101 (2012)).

4. See Erin Coulehan, *The Turtles Slap SiriusXM With \$100 Million Lawsuit*, ROLLING STONE (Aug. 5, 2013), <http://www.rollingstone.com/music/news/the-turtles-slap-siriusxm-with-100-million-lawsuit-20130805>; see also Nate Rau, *TN Bill Proposes to Pay Digital Performance Royalties for Older Songs*, THE TENNESSEAN (Feb. 3, 2014), <http://www.tennessean.com/article/20140203/BUSINESS06/302030039/TN-bill-proposes-pay-digital-performance-royalties-older-songs> (reporting that “The Turtles have filed lawsuits in California, New York and Florida seeking compensation from satellite radio companies such as SiriusXM to compensate artists

In Tennessee, The Turtles are trying an alternative approach. They have helped draft a bill that would directly provide them with the rights that they seek, along with several other rights. On January 27, 2014, state Senator Stacey Campfield introduced Senate Bill 2187, the Legacy Sound Recording Protection Act (the “LSRPA”).⁵ The LSRPA, closely modeled on the provisions of the federal Copyright Act, would grant owners of sound recordings made before 1972, including The Turtles, essentially the same rights in Tennessee that owners of sound recordings made after 1972 enjoy throughout the United States under federal law.⁶

While the proposed LSRPA raises a variety of interesting issues, both legal and practical, this Article will focus on one of the former: Whether the LSRPA is preempted by federal law, pursuant to the Constitution’s Supremacy Clause,⁷ or is otherwise inconsistent with federal law. The preemption issue arises from the nature of the targeted technologies. Because the LSRPA would be a Tennessee law, it would apply only in Tennessee. If other states do not follow Tennessee’s lead, transporting copies of sound recordings or broadcasting the recordings into Tennessee from another state may create problems. These problems are relatively minor as they relate to the rights of copying and distribution. However, they are much more profound with respect to digital performances. The Internet and satellite radio are inherently unlimited by state boundaries, and thus a recording may be performed in many states at once. Because under an enacted LSRPA, these performances would be infringing in Tennessee but not elsewhere, broadcasters would likely have a very difficult time protecting themselves from challenges by recording artists. Satellite broadcasters and webcasters generally cannot control—or even tell—where a customer is listening to a web feed or receiving a satellite radio signal. As a consequence, broadcasters might find themselves violating the statute when, for example, a California subscriber receives an Internet webcast or SiriusXM broadcast of a pre-1972 song while driving through Tennessee. This situation might be sufficiently problematic that a court would conclude that federal law preempts the LSRPA.

for their pre-1972 work.”).

5. S.B. 2187, 108th Gen. Assemb., Reg. Sess. (Tenn. 2014), available at <http://www.capitol.tn.gov/Bills/108/Bill/SB2187.pdf> [hereinafter “LSRPA”].

6. See *id.* See generally Cari Wade Gervin, *Legislation Designed to Pay Performers of Pre-1972 Musical Works May Create New Problems Without Solving Old Ones*, KNOXVILLE METRO PULSE (Feb. 12, 2014), <http://www.metropulse.com/stories/citybeat/legislation-designed-pay-performers-pre-1972-music> (describing the legislation and some of its problems and consequences).

7. U.S. CONST. art. VI, cl. 2.

The preemption question is particularly complicated in this case because of the structure of the Copyright Act. Section 301(a) of the Copyright Act preempts any state law that applies to subject matter protected by the Copyright Act and grants a right equivalent to a right granted under that Act.⁸ Because the LSRPA would do exactly this (even borrowing its language from the federal statutes), § 301(a) would seem to doom Tennessee's effort from the outset. However, § 301(c) provides an exception from the general preemption rule specifically for pre-1972 sound recordings,⁹ which would seem to validate Tennessee's effort.¹⁰ However, the preemption issue is more complex than these provisions might suggest, and the rights provided by the LSRPA raise issues that require a deeper exploration and analysis of preemption doctrine. First, the LSRPA might be preempted under the Copyright Act because it conflicts with one of the primary goals of the federal copyright system: granting consistent nationwide protection rather than a patchwork of state protections.¹¹ Second, the LSRPA may be preempted under the dormant commerce clause because it impedes interstate commerce.¹² Finally, the LSRPA may fail First Amendment scrutiny because it lacks any provisions allowing for fair use of the recordings.¹³

Overview

Part I of this Article provides legal background, first on relevant aspects of copyright protection under both federal and state law and then on the constitutional preemption and First Amendment doctrines. Part II examines the basic provisions of the Legacy Sound Recording Protection Act, including some complications they raise.

8. 17 U.S.C. § 301(a) (2012).

9. *Id.* § 301(c).

10. *See* Gervin, *supra* note 6 (quoting Sen. Campfield as claiming that his bill would not be preempted because pre-1972 sound recordings are not covered by federal copyright law, presumably referring to § 301(c)).

11. *Cf.* Goldstein v. California, 412 U.S. 546 (1973) (discussing the policies underlying copyright preemption in upholding California's anti-pirating legislation as applied to pre-1972 sound recordings).

12. *See* U.S. CONST. art. I, § 8, cl. 3. *See generally* LAURENCE H. TRIBE, 1 AMERICAN CONSTITUTIONAL LAW §§ 6-2 to 6-23, at 1029-1150 (3d ed. 2000) (discussing the dormant commerce clause); ERWIN CHEMERINSKY, CONSTITUTIONAL LAW: PRINCIPLES AND POLICIES § 5.3, at 430-66 (4th ed. 2011) (same).

13. *See* U.S. CONST. amend. I; Eldred v. Ashcroft, 537 U.S. 186, 219-20 (2003) (discussing the tension between copyright law and the First Amendment, and noting that copyright fair use is a significant factor permitting their coexistence).

Part III considers first whether federal law might preempt the LSRPA, and second whether the LSRPA might violate the First Amendment. Part IV then discusses bringing pre-1972 sound recordings into the federal copyright system as a possible solution to address the problems raised in Part III. Part V concludes.

I. BACKGROUND

A. Copyright Law

1. History of Protection for Sound Recordings

Copyright law in the United States has a long and somewhat convoluted history. This article will provide only a cursory overview, focusing on the parts pertinent to the protection of sound recordings.¹⁴

Prior to 1790, most states had their own copyright laws.¹⁵ However, the different laws in each state created difficulties for authors, who would have to visit each state to secure its copyright protection.¹⁶ Furthermore, these varying laws sometimes came into conflict.¹⁷ To address the problem of individualized and sometimes conflicting state laws, the Framers drafted copyright protection into the Constitution,¹⁸ incorporating an explicitly public rationale:

14. For a more detailed history of protection for sound recordings, see REGISTER OF COPYRIGHTS, FEDERAL PROTECTION FOR PRE-1972 SOUND RECORDINGS 7–20 (2011), available at <http://www.copyright.gov/docs/sound/pre-72-report.pdf> [hereinafter COPYRIGHT OFFICE REPORT]. For a more detailed history of U.S. copyright generally, see 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT, *Overview*, at OV-1 to -16 (2014) [hereinafter NIMMER ON COPYRIGHT].

15. See Irah Donner, *The Copyright Clause of the U.S. Constitution: Why Did the Framers Include It with Unanimous Approval?*, 36 AM. J. LEGAL HIST. 361, 373 (1992) (noting that twelve of the thirteen states had enacted copyright laws, as recommended by the Continental Congress).

16. See *id.* at 374 (further noting that “the state statutes varied in procedural detail”).

17. See *id.* at 374, 376–77; ROBERT A. GORMAN ET AL., COPYRIGHT: CASES & MATERIALS 4 (8th ed. 2011) (citing *Hudson & Goodwin v. Patten*, 1 Root 133 (Conn. 1789) as demonstrating “a clash of interests between the assignees of copyright in different states”); ROBERT P. MERGES ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 432 (6th ed. 2012);

18. See MERGES ET AL., *supra* note 17, at 432 (“Problems with applying these conflicting state laws across state borders led to a general consensus that a national law was necessary, and thus the Constitution expressly granted power to the federal government to create both patents and copyrights.”).

The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.¹⁹

Congress quickly took advantage of this power, enacting the first Copyright Act during the first Congress in 1790.²⁰ By its terms, this first Copyright Act was limited to protecting only particular works (maps, charts, and books), but over time it was judicially and legislatively expanded to cover a wide variety of artistic and literary works deemed equivalent to the original protected works.²¹

The first major revision to copyright law came in 1909. The 1909 Act codified much of the broadened scope, but it maintained the original scheme of designating the subjects of protection and the scope of the associated rights by the type of work (book, painting, etc.).²² As with the original Copyright Act, Congress and the courts subsequently added other categories of works as they developed.²³

Important to the topic of sound recordings, the 1909 Act adopted a dual state/federal protection scheme.²⁴ In general, a state or “common law” copyright protected works until they were “published”—a critical, yet curiously undefined, term of art under the 1909 Act—at which point federal copyright law took over.²⁵ At publication, if the author or publisher complied with the strict formality rules of the federal copyright system, particularly the notice provision, the work was protected by a federal copyright. If the author did not comply with the formality rules, the work fell into the public domain on publication.

For many reasons, particularly technological change and developments in foreign copyright systems, the terms of the 1909 Act grew increasingly unsatisfying.²⁶ For several decades, Congress considered bills that would comprehensively rework copyright law, including granting protection to sound recordings, but to no avail.²⁷

19. U.S. CONST. art. I, § 8, cl. 8 [hereinafter “Intellectual Property Clause”].

20. See MERGES ET AL., *supra* note 17, at 432 (noting that “[o]ne of the first acts of the new Congress was to pass the Copyright Act of 1790”).

21. See *id.*; JULIE E. COHEN ET AL., COPYRIGHT IN A GLOBAL INFORMATION ECONOMY 26 (3d ed. 2010)

22. See COHEN ET AL., *supra* note 21, at 26.

23. See *id.*

24. See 1 NIMMER ON COPYRIGHT, *supra* note 14, § 2.02.

25. See *id.*

26. See MERGES ET AL., *supra* note 17, at 432–33; COPYRIGHT OFFICE REPORT, *supra* note 14, at 8–10.

27. See MERGES ET AL., *supra* note 17, at 432–33; COPYRIGHT OFFICE REPORT, *supra* note 14, at 8–10.

Worried that the issue of sound recordings was becoming urgent while comprehensive reform was stalled, Congress passed the Sound Recording Amendment Act in 1971.²⁸ The Sound Recording Amendment Act brought sound recordings made after February 15, 1972, into the federal copyright system. However, Congress chose not to make the Amendment retroactive, leaving protection for sound recordings made before February 15, 1972, to state law.²⁹

The many decades of attempts at comprehensive copyright law reform finally bore fruit in 1976, resulting in the 1976 Copyright Act.³⁰ The 1976 Act was a major revision. It brought essentially all copyrightable works under federal protection and thus governs most works today. Under the 1976 Act, federal copyright now protects a work automatically upon its fixation in a tangible medium of expression. Publication is no longer relevant, and through some subsequent amendments, neither is notice. This fundamental change in when federal protection commences rendered state law protection for unpublished works unnecessary. Consequently, the present Copyright Act explicitly preempts state copyright law.³¹

However, Congress did something very curious in the 1976 Act: It left pre-1972 sound recordings *outside* the umbrella of federal copyright protection and instead left them to be protected under state law via the preemption provisions of the 1976 Act. As noted, the 1976 Act contained a very strong general preemption provision, embodied in § 301(a), which effectively preempts all state laws purporting to grant any right “equivalent to” any right provided in § 106.³² However, § 301(c) then goes on to *exempt* pre-1972 sound recordings from the strictures of § 301(a)—state law protecting pre-1972 sound recordings is explicitly not preempted.³³ Section 301(c)

28. Pub. L. No. 92-140, § 3, 85 Stat. 391, 392 (1971) (codified as amended at 17 U.S.C. §§ 1, 5, 19, 20, 26, 101 (2012)). For a more detailed discussion of the Sound Recording Amendment and its history, see COPYRIGHT OFFICE REPORT, *supra* note 14, at 10–13.

29. See 17 U.S.C. § 301(c) (2012). This article will use the term “pre-1972 sound recordings” to refer to sound recordings made prior to February 15, 1972.

30. See MERGES ET AL., *supra* note 17, at 433; see also Lewis S. Kurlantzick, *The Constitutionality of State Law Protection of Sound Recordings*, 5 CONN. L. REV. 204, 250 (1972) (noting how slowly copyright law changes in Congress).

31. See 17 U.S.C. § 301(a) (2012). The preemption provision is discussed in more detail in Part III.A.1.a, *infra*. The 1976 Act also included some transitional provisions to handle certain older unpublished works that would have otherwise lost their protection under state law without gaining federal protection. See, e.g., *id.* §§ 303, 304.

32. See 17 U.S.C. § 301(a).

33. See *id.* § 301(c).

also explicitly provides that federal law does not apply to these recordings.³⁴

Pursuant to § 301(c), most states—including Tennessee—have enacted antipiracy provisions (most of these are criminal, but some are civil) to prohibit making and selling copies of pre-1972 recordings. These state-law provisions are discussed in more detail in Part I.A.3, *infra*.

One more recent provision relating to sound recordings bears mentioning here. In 1995, Congress enacted the Digital Performance Right in Sound Recordings Act (“DPRSRA”),³⁵ which added § 106(6), creating a limited public performance right in sound recordings, but only for digital audio transmissions such as those made over the Internet or satellite radio.³⁶

2. Federal Copyright Law

a. General Copyright Law

The Constitution’s Intellectual Property Clause adopts an explicitly utilitarian basis for the copyright system: “To promote the Progress of Science and useful Arts.”³⁷ The Copyright Act’s provisions are consistent with this rationale of giving incentives for creating new works. They further represent an attempt to balance these incentives to create new works with a desire to optimize use and dissemination of such works.

The provisions of the 1976 Copyright Act are codified as amended in Title 17 of the United States Code.³⁸ The provisions of

34. *See id.* § 301(c). This state protection for pre-1972 sound recordings remains in effect until 2067, when the federal regime finally takes over. *See id.* The reasoning behind Congress’s rather odd choice to exclude pre-1972 sound recordings from federal protection in this particular way is not entirely clear, and the legislative history on this point is essentially nonexistent. *See* COPYRIGHT OFFICE REPORT, *supra* note 14, at 14–17; 1 NIMMER ON COPYRIGHT, *supra* note 14, § 2.10[B][1][a]. Commentators have presented two possible explanations, neither of which is completely convincing. The first is that Congress was merely continuing its tradition of not making protection for new works apply retroactively. *See* COPYRIGHT OFFICE REPORT, *supra* note 14, at 15–16 and sources cited therein. The second is that Congress simply incorporated a mistake that arose in the course of reconciling several different versions of the bill. *See* at 16–17 and sources cited therein.

35. Pub. L. No. 104-39, 109 Stat. 336 (1995) (codified as amended at 17 U.S.C. §§ 106, 114 (2012)). The contours and limitations of the digital performance right are explored in more detail in Part I.A.2.b, *infra*.

36. 17 U.S.C. § 106(6); *see also id.* § 101 (defining “digital transmission”).

37. U.S. CONST. art. I, § 8, cl. 8.

38. *See* 17 U.S.C. §§ 101–1332.

the Act define copyright subject matter, its basic rights, and the scope of those rights.³⁹ Understanding the structure of the Act helps clarify how its provisions fit together. Section 102(a) provides a subject matter list that is explicitly non-exclusive—it is intended to be illustrative, not comprehensive (although most copyrightable works fit easily into one of the defined categories).⁴⁰ Taken as a whole, the provisions cover most forms of literary and artistic expression, broadly defined. Section 102(b) then highlights a very important element that is fundamental to the scope of copyright protection: A copyright covers only the creator’s particular expression and never reaches the underlying ideas; the ideas remain free for anyone to use, as long as they express them in their own way.⁴¹ Awareness of this principle, commonly referred to as the “idea-expression dichotomy,” is crucial in most aspects of copyright law.

Section 106 then provides a list of rights that *is* exclusive. The exclusive rights defined in § 106 are: (1) the right to reproduce the copyrighted work; (2) the right to prepare derivative works based on the copyrighted work; (3) the right to distribute copies of the work; (4) the right to perform the copyrighted work publicly; (5) the right to display the copyrighted work publicly; and (6) the right to perform a sound recording publicly via digital audio transmission.⁴² The first three rights apply to any copyrightable subject matter defined in § 102,⁴³ while the others are limited to specific types of works.⁴⁴ Sections 107–122 then limit these § 106 rights, in effect “chipping away” parts of their scope.⁴⁵ The most important of these limitations is the § 107 “fair use” limitation, which serves as a global limitation on all of the § 106 rights as they pertain to all of the § 102 categories of subject matter.⁴⁶ The remaining sections are more specific to particular subject matter and rights.⁴⁷ Thus, to delineate the rights in a work completely, a copyright analysis must consider the type of work, the rights that apply to that type of work, and the limitations on those rights.

39. *See id.*

40. *See id.* § 102(a).

41. *See id.* § 102(b) (“In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery . . .”).

42. *See id.* § 106.

43. *See id.* § 106(1)–(3).

44. *See id.* § 106(4)–(6).

45. *See id.* §§ 107–122.

46. Fair use is discussed in more detail *infra* notes 48–52 and surrounding text.

47. *See id.* §§ 108–122.

As noted above, § 107 defines a fair use limitation that applies to all of the § 106 rights for all types of works. Fair use is an extremely important but also extremely murky doctrine—Judge Learned Hand has described this doctrine as “the most troublesome in the whole law of copyright.”⁴⁸ The basic idea is that some uses of a copyright work that might be considered to be infringing nevertheless provide sufficient value to society that society wants them to be made, and therefore the uses should be deemed not to be infringing. Because identifying these uses is often a tricky proposition, however, fair use tends to be a complex and vague doctrine. Such difficulties are inherent in the doctrine itself, which the Supreme Court has clearly stated is to be judged on a “case-by-case” basis with no bright-line rules.⁴⁹ The current § 107 is a codification of a judge-made, common-law doctrine that originated with Justice Story.⁵⁰ The statute provides a list of the types of uses generally deemed “fair”—criticism, comment, news reporting, teaching, scholarship, research—followed by an illustrative, rather than exhaustive, list of factors to be considered: (1) purpose and character of the use, including whether commercial or non-profit; (2) nature of copyrighted work; (3) amount and substantiality of the portion used in relation to the work as a whole; (4) effect of the use on the potential market for or value of the copyrighted work.⁵¹ All of these factors can be tricky in particular cases and they also tend to be intertwined in complex ways, often making it difficult to determine in advance what will and will not be judged to be fair use.⁵²

48. *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661, 662 (2d Cir. 1939) (opinion by Hand, J.).

49. *See, e.g., Campbell v. Acuff Rose Music, Inc.*, 510 U.S. 569, 577 (1994) (“The task [of assessing fair use] is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis.”); *id.* at 581 (“[P]arody, like any other [purportedly fair] use, has to work its way through the relevant factors, and be judged case by case, in light of the ends of copyright law.”); *Sony Corp. v. Universal City Studios*, 464 U.S. 417, 448 (1984) (noting that § 107 “identifies various factors that enable a Court to apply an ‘equitable rule of reason’ analysis to particular claims of infringement” (quoting H.R. REP. NO. 94-1476, at 65–66 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5680.)).

50. *See* COPYRIGHT OFFICE REPORT, *supra* note 14, at 35 n.147 (“Fair use developed as a common law doctrine, and only became part of the federal copyright statute in the 1976 Copyright Act. *See, e.g., Folsom v. Marsh*, 9 F. Cas. 342 (D. Mass. 1841.)”).

51. *See* 17 U.S.C. § 107 (2012).

52. For a general discussion of the nuances and complexities of fair use, see 4 NIMMER ON COPYRIGHT, *supra* note 14, § 13.05.

b. Music Copyright Law

As noted in the previous section, § 102(a) lists various categories of protected works. Two of those provisions relate specifically to music: § 102(a)(2) (musical works) and 102(a)(7) (sound recordings).⁵³ Section 102(a)(2) makes musical works written on paper eligible for copyright protection,⁵⁴ while § 102(a)(7) covers recordings of performances of musical works or other audio works.⁵⁵ The two music provisions thus make a fundamental distinction between compositions (notational, written form) and performances (recorded form).⁵⁶ The composition and performance are deemed to be separate creative acts and so receive separate protection.⁵⁷ The Copyright Act highlights this distinction by subjecting the different works to different limitations.

Section 106(4) grants the copyright holder the exclusive right to make public performances of a copyrighted work.⁵⁸ Under the public performance right, the copyright owner has the exclusive right to control renditions of the work in public settings. For example, public readings of copyrighted works are infringements, especially readings of works like poems, plays, and other literary works. More relevant to this Article, public performance of musical works are infringements of the underlying composition. However, following the basic structure of the Copyright Act, this right is then limited by other provisions.

For compositions (§ 102(a)(2) works), § 115 provides a compulsory license for “mechanical” or “cover” versions.⁵⁹ Pursuant to § 115, once a musical composition has been recorded and released,

53. See 17 U.S.C. § 102(a)(2), (a)(7).

54. See *id.* § 102(a)(2).

55. See *id.* § 102(a)(7).

56. See *id.* § 102(a)(2), (a)(7).

57. The United States is not alone in making this distinction. Indeed, in many European civil law countries, performance is deemed to be a less creative activity, and consequently, sound recordings are not protected with copyrights; rather, they are covered by what are known as “neighboring rights”—that is, lesser rights that are not true copyrights, but instead are “neighbors” to copyrights. See, e.g., 3 NIMMER ON COPYRIGHT, *supra* note 14, § 8E.01[A] (defining and tracing the history of neighboring rights); World Intellectual Property Organization, *Creative Expression: An Introduction to Copyright and Related Rights for Small and Medium-sized Enterprises*, WIPO Pub. No. 918, at 3–4 (2006), available at http://www.wipo.int/edocs/pubdocs/en/sme/918/wipo_pub_918.pdf (discussing neighboring rights).

58. See 17 U.S.C. § 106(4).

59. See 17 U.S.C. § 115 (2012). The name arose from compulsory license’s roots in the mechanical reproduction of sheet music via the player piano. See COPYRIGHT OFFICE REPORT, *supra* note 14, at 8.

it becomes available for others to record and release their own versions.⁶⁰ These subsequent recorders need only comply with the statutory requirements, including paying the statutory license fee, to qualify for the statutory license.⁶¹

For sound recordings (§ 102(a)(7) works), § 114(a) provides that no public performance right applies.⁶² However, the same limitation does not apply to compositions (§ 102(a)(2) works)—a public performance of a song does infringe the copyright in the song, and thus the party making the performance will have to obtain a license.

A few examples will help clarify how § 114(a) works. Consider a boutique shop at the mall having a “Christmas in July” promotion and desiring to play appropriate music. First, the boutique wants to play Brian Setzer’s 2009 recording of *Jingle Bells*⁶³ written by James Lord Pierpont and published under the title *One Horse Open Sleigh* in 1857, putting it in the public domain today.⁶⁴ Because the composition is in the public domain, the boutique does not need a license to play it (i.e., make a “public performance” of it). The recording is copyrighted, but § 114(a) exempts sound recordings from the public performance right, so the boutique does not need a license to play that either.⁶⁵ Thus, anyone is entitled to buy a copy of this recording and play it repeatedly in public, including renting out performances or playing the recording on the radio, without having to pay anyone.

Suppose instead the boutique wants to play Setzer’s 2009 recording of *Jingle Bell Rock*⁶⁶ composed by Joseph Carleton Beal and James Ross Boothe, first released in 1958, and therefore still under copyright.⁶⁷ In this case, playing the sound recording in public does infringe the public performance right of the copyright on the protected *composition* under § 106(4), and thus the boutique—and anyone making a public performance of this recording by, say,

60. See 17 U.S.C. § 115(a)(1) (2012). The composer retains his or her performance rights until the first recording is made and released—only at that point does it become subject to the compulsory cover licensing provisions. See *id.*

61. See *id.* § 115(b), (c).

62. See *id.* § 114(a).

63. THE BRIAN SETZER ORCHESTRA, *Jingle Bells*, on CHRISTMAS COMES ALIVE! (Surfdog Records 2010).

64. See *Jingle Bells*, WIKIPEDIA.ORG, http://en.wikipedia.org/wiki/Jingle_Bells (last visited Nov. 11, 2014).

65. See 17 U.S.C. § 114(a) (2012).

66. THE BRIAN SETZER ORCHESTRA, *supra* note 63, *Jingle Bell Rock*.

67. See *Jingle Bell Rock*, WIKIPEDIA.ORG, http://en.wikipedia.org/wiki/Jingle_Bell_Rock (last visited Nov. 11, 2014).

playing it on the radio—would have to pay Beal and Boothe.⁶⁸ However, § 114(a) still exempts the sound recording from the public performance right, and thus the boutique does not have to pay Setzer.⁶⁹

Finally, what if the boutique wants to play Bing Crosby's 1961 recording of *Jingle Bells*?⁷⁰ The natural expectation is that it would be treated the same as when the boutique wanted to play Setzer's version of the same song. However, because this sound recording was produced prior to February 15, 1972, it falls outside of federal law and is instead left to state copyright law—the subject of Part I.A.4, *infra*.

Section 114, particularly § 114(d)–(j),⁷¹ also limits § 106(6), the provision that restores the public performance right in sound recordings, but only for digital audio transmissions.⁷² These provisions create a 3-tiered system for digital transmissions, based on a digital broadcast's geographic scope and degree of interactivity, which serve as a proxy for the extent to which the broadcast threatens to erode record sales. The first tier consists of non-subscription broadcast transmissions, which are wholly exempt from licensing.⁷³ This tier essentially covers conversion of traditional

68. See 17 U.S.C. § 106(4) (2012). Licensing of these performance rights is typically handled through copyright management agencies, rather than via direct negotiation with the rights holders. The largest of these agencies are the American Society of Composers, Authors, and Publishers (ASCAP) and Broadcast Music Inc. (BMI). In general, composers—or publishing companies—license their performing rights to ASCAP/BMI, which in turn licenses the rights to TV stations, radio stations, bars, restaurants, etc. These businesses typically buy blanket licenses from each organization, as that is generally much simpler than attempting to obtain individual licenses. ASCAP/BMI charges royalties based on the size of and usages by the licensor. ASCAP/BMI then takes these royalties and divides them among licensed composers, with their shares determined based on surveys and random samples of what is actually being played. For a more detailed description of how ASCAP and BMI work, see Robert P. Merges, *Contracting into Liability Rules: Intellectual Property Rights and Collective Rights Organizations*, 84 CAL. L. REV. 1293, 1328–41 (1996).

69. See 17 U.S.C. § 114(a). Note that the consequence of this rule is that performers never get paid when their recordings are played on the radio. Note also that Setzer did not need permission from Beal and Boothe to make his recording—he could have relied on the cover license provisions of § 115. See 17 U.S.C. § 115 (2012).

70. Bing actually recorded this song many times, including one record first released in 1961. BING CROSBY, *Jingle Bells*, on MERRY CHRISTMAS (MCA Records 1961).

71. 17 U.S.C. § 114(d)–(j).

72. *Id.* § 106(6).

73. *Id.* § 114(d)(1)(A)–(B).

terrestrial radio signals to digital form, preserving radio stations' long-standing exemption from performance rights in sound recordings.⁷⁴

The second tier consists of non-interactive broadcasts that stay within the "sound recording performance complement."⁷⁵ These non-interactive broadcasts—including satellite radio and most webcasting⁷⁶—are eligible for a statutory license akin to the cover license discussed *supra*.⁷⁷ The royalties from the statutory license are to be split between the owner of the sound recording (50%) and the artist(s) "featured" on the sound recording (45%).⁷⁸

Finally, the third tier consists of those activities in which the user has control over what is played, such as interactive broadcasts, archived programs, etc.⁷⁹ For these performances the digital broadcaster must negotiate licenses with each performer individually.⁸⁰

Congress charged the Copyright Royalty Board⁸¹ with implementing the compulsory licensing provisions of the second tier, including determining the licensing fees through negotiations with

74. *See id.* § 114(d)(1).

75. *See id.* § 114(d)(2). "Sound recording performance complement" is defined in the statute, *see id.* § 114(j)(13). In effect, it boils down to "don't play too much from any one artist or album at one time."

76. According to the Copyright Office's interpretation, as affirmed by the Third Circuit, a terrestrial radio station retransmitting its broadcast signal as a non-interactive webcast would fall into this second tier. *See Bonneville Int'l Corp. v. Peters*, 347 F.3d 485 (3d Cir. 2003) (affirming Public Performance of Sound Recordings: Definition of a Service, Final Rule, 65 Fed. Reg. 77292 (Dec. 11, 2000)).

77. *See* 17 U.S.C. § 114(d)(2).

78. *See id.* § 114(g)(2). The remaining 5% is to be held for "nonfeatured" musicians and vocalists. *See id.* SoundExchange, the entity that collects and distributes these royalties, *see infra* notes 83–87 and accompanying text, is also entitled to deduct a share for its expenses. *See* 17 U.S.C. § 114(g)(3).

79. *See* 17 U.S.C. § 114(d)(3).

80. *See id.* This potentially Herculean task is somewhat simplified by the fact that the record labels own the rights in a large number of the recordings, and consequently the broadcasters can cover a lot of the rights in a relatively limited number of negotiations. However, unsigned artists and independent labels present more of a challenge.

81. The Copyright Royalty Board is made up of three Copyright Royalty Judges and is responsible for "determining and adjusting the rates and terms of the copyright law's statutory licenses and determining the distribution of royalties from the statutory license royalty pools administered by the Library of Congress." Press Release, U.S. Copyright Office, Special Announcement from the Librarian of Congress, *available at* <http://www.copyright.gov/pr/crb-judges.html> (revised Jan. 5, 2006). Congress set up this system via the Copyright Royalty and Distribution Reform Act of 2004, Pub. L. No. 108-419, 118 Stat. 2341 (2004).

the stakeholders.⁸² The Copyright Royalty Judges, pursuant to § 114(g),⁸³ designated a non-profit entity called SoundExchange to handle collection and distribution of these fees.⁸⁴ All broadcasters desiring to take advantage of the statutory license must register with SoundExchange and make the required payments. Under the statute and regulations, as long as broadcasters pay the requisite fees and otherwise comply with the statutory requirements, they will not be liable for infringement.⁸⁵ Furthermore, the owners of a sound recording copyright must register with SoundExchange if they want to get their shares of the statutory license fees, because all fees go to SoundExchange.⁸⁶ SoundExchange also participates in the negotiations of the royalty rates, acting on behalf of the artists and record labels.⁸⁷

3. The Copyright Office Report

Recently, pre-1972 sound recordings have been the subject of increasing interest. In the Omnibus Appropriations Act of 2009, Congress commissioned the Copyright Office to do a study of these pre-1972 recordings, with an eye toward determining whether they should be brought into the federal copyright system, and if so, on what terms.⁸⁸ The Copyright Office solicited public comments, held public meetings,⁸⁹ and eventually issued its report, “Federal Copyright Protection for Pre-1972 Sound Recordings,” in 2011.⁹⁰ The Copyright Office Report presented detailed histories of both sound recording technology⁹¹ and legal protection for sound recordings,⁹²

82. See 17 U.S.C. § 114(f), (e).

83. See *id.* § 114(g).

84. See 37 C.F.R. § 380.4 (Commercial Webcasters and Noncommercial Webcasters); *id.* § 382.13 (Preexisting Subscription Services and Preexisting Satellite Digital Audio Radio Services).

85. See 17 U.S.C. § 114(d).

86. The regulations require statutory licensees to submit detailed records, identifying which sound recordings they have played. See 37 C.F.R. §§ 370.3, 370.4 (2014). SoundExchange uses this information to determine what entities receive what portion of collected fees.

87. See 17 U.S.C. § 114(f).

88. See Explanatory Statement to the Omnibus Appropriations Act of 2009, Pub. L. No. 111-8, 123 Stat. 524, 1769 (2009).

89. All the materials relating to the document and its preparation are posted online at <http://www.copyright.gov/docs/sound>.

90. COPYRIGHT OFFICE REPORT, *supra* note 14.

91. See *id.* at 50–59.

92. See *id.* at 7–49.

including a detailed survey of state protections for sound recordings.⁹³

In its Report, the primary concern of the Copyright Office is preservation of pre-1972 sound recordings, which are often fixed on material of questionable physical stability:

Commercial music recordings tend to dominate discussions of copyright in sound recordings because of their popularity, their tendency to create emotional attachments, and their existence as the basis for a multi-billion dollar international industry, but they account for only a small percentage of all pre-1972 works. Noncommercial recordings, such as ethnographic field recordings, oral histories, private home recordings, and scientific audio experiments, while not as evident to the general public, are an enormous source of cultural and historical information, and come with their own unique copyright issues.⁹⁴

The Report then identifies the major problem with preserving such works:

In the 21st Century, the preservation of sound recordings means, for all practical purposes, *digital* preservation—specifically, copying a work from its native format to a digital medium. . . . It is this initial reproduction, and the related downstream potential of distributing multiple perfect copies via the Internet, that invites copyright law into the discussion. If preservation were nothing more than carefully cleaning and storing the original media, copyright would be irrelevant to preservation. But because reproduction onto digital media is becoming the most common means of preserving sound recordings (among other media), copyright issues cannot be avoided.⁹⁵

93. See *id.* at 20–49; see also U.S. COPYRIGHT OFFICE, STATE LAW TEXTS (2011), available at http://www.copyright.gov/docs/sound/20110705_state_law_texts.pdf [hereinafter STATE SOUND RECORDING LAWS] (providing the text of all state laws relating to protection of sound recordings); U.S. COPYRIGHT OFFICE, SURVEY OF STATE CRIMINAL LAWS (2011), available at http://www.copyright.gov/docs/sound/20111212_survey_state_criminal_laws_ARL_CO_v2.pdf [hereinafter STATE SOUND RECORDING LAW SURVEY] (presenting a summary of the state laws in chart form). This article attempts only the barest survey of the material; the interested reader is directed to the Copyright Office documents and the references cited therein.

94. COPYRIGHT OFFICE REPORT, *supra* note 14, at 51–52 (footnote omitted).

95. *Id.* at 59 (emphasis in original).

The crux of the issue, then, is the complex legal situation of pre-1972 sound recordings because of their exclusion from federal law and inclusion in state law:

As a consequence of this legal construct, there is virtually no public domain in the United States for sound recordings and a 55 year wait before this will change. To put this in perspective, one need only compare the rules of copyright term for other works. For example, a musical composition published in 1922 would have entered the public domain at the end of 1997, but a sound recording of that same musical composition that was fixed the same year will remain protected for another 70 years, until 2067. In fact, sound recordings first fixed in 1922 will enter the public domain the same year as those first fixed between February 15 and December 31, 1972 (the first year they were eligible for federal protection). In each case, they will not enter the public domain until the end of 2067.⁹⁶

Thus, the focus of the Report is the preservation of non-commercial pre-1972 sound recordings; the commercial value is itself sufficient incentive to preserve commercial pre-1972 sound recordings. However, the Copyright Office recognized that it must assess any proposals addressing non-commercial recordings for their consequences for commercial works. In the end, the Report concludes in favor of federalizing pre-1972 sound recordings:

While there are legitimate policy arguments on both sides of the question, the Copyright Office has determined that on balance, the better course of action is to bring pre-1972 sound recordings under federal jurisdiction.⁹⁷

The remainder of the Report then focuses on a specific proposal of *how* to implement this federalization:

It is not enough to conclude that pre-1972 sound recordings should be protected under federal copyright law. A number of decisions must be made with respect to how they are brought into the federal system, including issues involving ownership, term of protection, and registration. Indeed, an understanding of how these issues are to be addressed is

96. *Id.* at 5–6 (footnotes omitted).

97. *Id.* at 120.

crucial not only to determining whether it is feasible to federalize protection, but also to determining how to do so.⁹⁸

4. State Copyright Law

As suggested by the history of sound recording copyright presented in Part I.A.1, *supra*, state copyright law once played a far more significant role in the overall copyright system than it does today. Nevertheless, because of § 301(c) it still remains important for the protection of pre-1972 sound recordings.⁹⁹ The Copyright Office Report identifies a variety of rubrics under which states protect pre-1972 sound recordings, starting with statutory law.¹⁰⁰ Most states have criminal statutes that punish record “piracy,” the illegal duplication and distribution of released records.¹⁰¹ Some states also have civil provisions applying to the same conduct, while other states achieve a similar effect by creating a private cause of action under their criminal law, or at least explicitly stating that the criminal remedy is not exclusive.¹⁰² However, the Report also notes that the focus of these protections is almost exclusively on violations of reproduction and distribution rights by record pirates.¹⁰³ In contrast, the laws contain very little regarding public performance rights,¹⁰⁴ and two states—North Carolina and South Carolina—explicitly prohibit their courts from recognizing such a right.¹⁰⁵

The Report specifically discusses Tennessee’s criminal provision,¹⁰⁶ in addition to those of New York and California.¹⁰⁷ The

98. *Id.* at 139. *See generally id.* at 139–78 (discussing various means of bringing pre-1972 sound recordings under federal jurisdiction and making recommendations). For an analysis of the Report’s recommendations, see Eva E. Subotnik & June M. Besek, *Constitutional Obstacles? Reconsidering Copyright Protection for Pre-1972 Sound Recordings*, 37 COLUM. J.L. & ARTS 327 (2014).

99. *See* 17 U.S.C. § 301(c) (2012).

100. *See* COPYRIGHT OFFICE REPORT, *supra* note 14, at 20–49.

101. *See id.* at 20–28.

102. *See id.* at 28–30.

103. *See id.* at 43 (“[M]ost of the reported cases deal with reproduction and distribution of copies of sound recordings, and it is clear that state law rights extend to such activities.”).

104. *See id.* at 44 (“In general, state law does not appear to recognize a performance right in sound recordings.”).

105. *See id.* at 45 (citing N.C. GEN. STAT. § 66-28 (2010) and S.C. CODE ANN. § 39-3-510 (2011)).

106. *See id.* at 24–25 (discussing TENN. CODE ANN. § 39-14-139(b)(1)(A)-(C) (2011)).

107. *See id.* at 21–24 (discussing CAL. PENAL CODE § 653h(a) (West 2011) and N.Y. PENAL LAW § 275.05 (McKinney 2011)).

Tennessee provision makes it unlawful to “[k]nowingly reproduce for sale or cause to be transferred any recording with intent to sell it or cause it to be sold or use it or cause it to be used for commercial advantage or private financial gain through public performance without the consent of the owner.”¹⁰⁸ The Tennessee statute also covers knowing transport,¹⁰⁹ advertising, and selling/renting of illegal copies.¹¹⁰ The Report specifically observes that “Tennessee law provides no statutory exceptions.”¹¹¹

The Report then turns to non-statutory causes of action.¹¹² The primary vehicles are common law copyright¹¹³ and unfair competition/misappropriation,¹¹⁴ although the Report also discusses conversion¹¹⁵ and the right of publicity.¹¹⁶ The Report specifically observes: “In general, state law does not appear to recognize a performance right in sound recordings.”¹¹⁷

The main theme of this section of the Report is the inconsistency of protection and the paucity of cases actually applying state law. The lack of cases makes it difficult to ascertain the scope of such protection, as well as any exceptions to protection. The Report observes: “Many other states simply have no civil law directly on point, so it is difficult to know how they might protect pre-1972 sound recordings.”¹¹⁸ It concludes the section on state law by stating: “[T]he differences and ambiguities in state laws make it difficult to undertake multistate or nationwide activities, particularly for individuals and entities that are risk-averse or that lack the ability to conduct detailed legal analyses for each proposed new use.”¹¹⁹

108. TENN. CODE. ANN. § 39-14-139(b)(1)(A).

109. *Id.* § 39-14-139(b)(1)(B).

110. *Id.* § 39-14-139(b)(1)(C).

111. COPYRIGHT OFFICE REPORT, *supra* note 14, at 25.

112. *See id.* at 30.

113. *See id.*

114. *See id.* at 35.

115. *See id.* at 40.

116. *See id.* at 41.

117. *Id.* at 44.

118. *Id.* at 48.

119. *Id.* at 48–49.

B. Preemption

1. Generally

In our federal system of government, the laws of the federal government take precedence over the laws of the states.¹²⁰ This principle is effectuated by the Constitution's Supremacy Clause:

This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any state to the Contrary notwithstanding.¹²¹

Under the Supremacy Clause, state laws that conflict with federal laws are invalid.¹²²

Current Supreme Court doctrine analyzes federal preemption of state laws using two broad categories: express preemption and implied preemption.¹²³ First, the Court looks to see if the federal statutory scheme contains a provision that expressly states that the federal enactment is meant to preempt state law in the area.¹²⁴ If so, then the Court analyzes whether the state law falls within the scope of the preemption provision.¹²⁵

If the federal law does not contain an express preemption provision, the state law may nevertheless be impliedly preempted.¹²⁶ Implied preemption is further divided into two types.¹²⁷ The first type is field preemption.¹²⁸ The Court may determine that the federal statutory scheme is so detailed and pervasive that it "occupies the field," leaving no room for state law to operate.¹²⁹ If so, all state laws that purport to regulate within the field are then

120. See generally *TRIBE*, *supra* note 12, §§ 6-1, 6-28 to 6-31, at 1021-29, 1172-1212 (discussing the situations in which federal laws supersede state laws); *CHEMERINSKY*, *supra* note 12, §§ 5.1-5.2, at 400-30 (same).

121. U.S. CONST. art. VI, cl. 2.

122. See *CHEMERINSKY*, *supra* note 12, § 5.1, at 400.

123. See *id.* § 5.2.1, at 402.

124. See *id.* § 5.2.2, at 406-11.

125. See *id.*

126. See *id.* § 5.2.1, at 402-03.

127. See *id.*

128. See *id.* § 5.2.3, at 411-19.

129. See *id.* at 411-12.

invalid.¹³⁰ The second type of implied preemption is conflict preemption.¹³¹ Even if the federal scheme does not occupy the field, a particular state law may so conflict with some part of the federal law that the two cannot coexist.¹³² In that case, the state law is invalidated under the Supremacy Clause. The most obvious conflicts are those rare cases where the two provisions are facially contradictory, making it impossible to comply with both the state and the federal law.¹³³ The conflict, however, needs to reach so far as to contradict the federal statute directly; the more general standard is whether the state statute “stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress.”¹³⁴

Finally, the inclusion of an express preemption provision does not foreclose a further analysis of implied preemption. In *Geier v. American Honda Motor Co.*,¹³⁵ the Supreme Court considered whether a tort suit for defective design of an automobile (based on failure to include an airbag) was preempted by the National Traffic and Motor Vehicle Safety Act (the “Safety Act”). The Safety Act contained an express preemption provision, but it also contained a saving clause that stated “[c]ompliance with’ a federal safety standard ‘does not exempt any person from any liability under common law.’”¹³⁶ The Court concluded that the saving clause foreclosed any express preemption in the case before it.¹³⁷ It then considered the effect of these two provisions on implied preemption.¹³⁸ The Court concluded that “the saving clause (like the express pre-emption provision) does *not* bar the ordinary working of conflict pre-emption principles.”¹³⁹

130. *See id.*

131. *See id.* §§ 5.2.4–5.2.5, at 420–27.

132. *See id.*

133. *See id.* § 5.2.4, at 420–23.

134. *Goldstein v. California*, 412 U.S. 546, 561 (1973) (quoting *Hines v. Davidowitz*, 312 U.S. 52, 67 (1941)); *see also* CHEMERINSKY, *supra* note 12, § 5.2.5, at 423–27.

135. 529 U.S. 861 (2000); *see also* CHEMERINSKY, *supra* note 12, § 5.2.4, at 422 (discussing *Geier*).

136. *Geier*, 529 U.S. at 868 (quoting 15 U.S.C. § 1397(k) (1988) (repealed 1994)).

137. *See id.* at 867–68.

138. *See id.* at 869–74.

139. *Id.* at 869 (emphasis in original); *accord* *Brown v. Ames*, 201 F.3d 654, 659–60 (5th Cir. 2000) (considering preemption in the copyright context: “The fact that section 301 does not apply does not end the inquiry, however. Although section 301 preemption is not appropriate, conflict preemption might be. The Supremacy Clause dictates that a state law that obstructs the accomplishment of the full purposes and objectives of Congress is preempted.” (citing the legislative history of the 1976

2. Preemption and Intellectual Property

The Supreme Court has directly addressed the issue of preemption in the intellectual property context in a handful of cases. The earliest cases were companion cases, *Sears, Roebuck & Co. v. Stiffel Co.*¹⁴⁰ and *Compco Corp. v. Day-Brite Lighting, Inc.*¹⁴¹ In both cases, the Court considered whether the plaintiffs' lamp designs,¹⁴² the patents covering which had been invalidated, were nevertheless entitled to protection against copying under state unfair competition law.¹⁴³ The Court concluded that they were not entitled to protection because the state unfair competition laws as applied to these designs were preempted by the federal Patent Act.¹⁴⁴ The Patent Act set out very specific and rigorous criteria for obtaining a patent, the Court said, demonstrating the careful balance struck by the patent system as to what was covered and what was not.¹⁴⁵ The implication was therefore that Congress intended for anything that failed those criteria to remain in the public domain, free from protection and available for others to copy.¹⁴⁶ The state unfair competition laws interfered with that intent and therefore were invalid as applied to the unpatentable lamps.¹⁴⁷ Although these two cases both dealt with patent law, the Court included copyright law within their ambit,¹⁴⁸

Copyright Act)); *Rodrigue v. Rodrigue*, 218 F.3d 432, 440 (5th Cir. 2000) (analyzing both express preemption and implied preemption in copyright context); *Orson, Inc. v. Miramax Film Corp.*, 189 F.3d 377, 383 (3d Cir. 1999) ("In this [copyright preemption] case, Miramax argues both express preemption and conflict preemption. Although both may be applicable, because our analysis more closely parallels that used in cases applying conflict principles, we proceed on that ground."); *Storer Cable Commc'ns v. City of Montgomery, Ala.*, 806 F. Supp. 1518, 1531–40 (M.D. Ala. 1992) (finding both express and conflict preemption under the Copyright Act).

140. 376 U.S. 225 (1964).

141. 376 U.S. 234 (1964). See generally 1 NIMMER ON COPYRIGHT, *supra* note 14, § 1.01[B][1][f][iii] (discussing *Sears* and *Compco*, and related Supreme Court cases).

142. The lamps in *Sears* were pole lamps, 376 U.S. at 225–26, while the lamps in *Compco* had a specially designed reflector, 376 U.S. at 234.

143. *Sears*, 376 U.S. at 226; *Compco*, 376 U.S. at 235.

144. *Sears*, 376 U.S. at 231–33; *Compco*, 376 U.S. at 237–39.

145. See *Sears*, 376 U.S. at 229–31; *Compco*, 376 U.S. at 237–38.

146. *Sears*, 376 U.S. at 231 ("An un-patentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so."); *Compco*, 376 U.S. at 237–38 (holding that defendant's lamp did not have a design or mechanical patent, and therefore was in the public domain and could be copied by anyone).

147. *Sears*, 376 U.S. at 231–33; *Compco*, 376 U.S. at 238.

148. See *Sears*, 376 U.S. at 225 & *passim*; *Compco*, 376 U.S. at 237; *cf.* *Goldstein v. California*, 412 U.S. 546, 578 n.3 (1973) (Marshall, J., dissenting) (observing that

and they appeared to take a firm position that federal intellectual property law as a general rule preempted state intellectual property law.¹⁴⁹

The next important Supreme Court case touches upon the subject matter of this Article. In *Goldstein v. California*, the Court considered the validity of a California law criminalizing record piracy.¹⁵⁰ The case came to the Court in 1973, after sound recordings had been brought into the Copyright Act on a prospective basis, but before the 1976 Copyright Act added the express preemption provisions.¹⁵¹ However, the parties agreed that the sound recordings at issue had all been made, and all copying of those sound recordings completed, prior to the effective date of the Sound Recording Amendment.¹⁵² The defendant cited the strong statements in favor of preemption in *Sears* and *Compco* in arguing for preemption of the California law.¹⁵³ The Court nevertheless upheld the California law as a valid exercise of the state's power.¹⁵⁴ It distinguished the earlier cases on the grounds that the Patent Act deliberately left inventions outside the patent system in the public domain, while the Copyright Act merely left sound recordings "unattended," and thus states could choose to protect them.¹⁵⁵

Goldstein is the only Supreme Court case directly considering preemption under the Copyright Act.¹⁵⁶ However, the Court has

"[i]t bears noting that [in *Sears*], the Court repeatedly referred to the patent and copyright statutes as if the same rules of interpretation applied to both." (also citing *Compco*, 376 U.S. at 237).

149. *Sears*, 376 U.S. at 232–33 (holding that "because of the federal patent laws a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying"); *Compco*, 376 U.S. at 237 ("To forbid copying [under state law] would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain.").

150. 412 U.S. at 548–49.

151. This timing makes modern interpretation of the case somewhat problematic, as the law has changed significantly in the interim. *Cf. Rodrigue v. Rodrigue*, 218 F.3d 432, 440 (5th Cir. 2000) ("The § 301 preemption provision of the Copyright Act was intended to accomplish a 'fundamental and significant change' in the existing state of the law, under which published works were governed by federal copyright law and unpublished works were governed by the common law of copyright.").

152. *See Goldstein*, 412 U.S. at 551–52.

153. *See id.* at 551.

154. *Id.* at 571.

155. *See id.* at 569–70.

156. Actually, the Court also considered the issue in *Capital Cities Cable, Inc. v.*

considered the broader preemption issue in two subsequent cases. First, in *Kewanee Oil Co. v. Bicron Corp.*,¹⁵⁷ the Court concluded that state trade secret law complemented, rather than conflicted with, federal patent law and thus was not preempted.

More recently, in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*,¹⁵⁸ the Court attempted to reconcile all these cases. Regarding *Sears* and *Compco*, it observed that “[r]ead at their highest level of generality, the two decisions could be taken to stand for the proposition that the States are completely disabled from offering any form of protection to articles or processes which fall within the broad scope of patentable subject matter.”¹⁵⁹ It rejected that reading, however, stating “the extrapolation of such a broad pre-emptive principle from *Sears* is inappropriate,”¹⁶⁰ citing *Kewanee Oil* as making that point “explicit.”¹⁶¹ Despite those qualifications, the Court’s holding reasserted its strong preemption stance in striking down a Florida law that protected unpatented boat hull designs from copying.¹⁶²

C. The Dormant Commerce Clause

The Constitution’s Commerce Clause states that “The Congress shall have Power . . . To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.”¹⁶³ The Supreme Court has interpreted this provision as both a grant of power to the federal government and as a limitation on the power of the states.¹⁶⁴ Pursuant to this latter interpretation, known as the

Crisp, 467 U.S. 691 (1984). The primary discussion in the opinion centered on preemption under the FCC’s cable TV regulations, *id.* at 698–709, but the Court also considered preemption under the Copyright Act, *id.* at 709–11. *Capital Cities Cable* is discussed in more detail in Part III.A.1.b.ii, *infra*.

157. 416 U.S. 470 (1974).

158. 489 U.S. 141 (1989).

159. *Id.* at 154.

160. *Id.*

161. *Id.* at 155. The Court later also cited *Goldstein v. California* for the same proposition. *See id.* at 165.

162. *See id.* at 168 (“We therefore agree with the majority of the Florida Supreme Court that the Florida statute is preempted by the Supremacy Clause . . .”).

163. U.S. CONST. art. I, § 8, cl. 3.

164. *See* TRIBE, *supra* note 12, §§ 6-2, at 1029–30 (stating “[f]or at least 140 years, the Supreme Court has construed the Commerce Clause as incorporating an implicit restraint on state power even in the absence of congressional action—hence the notion of a ‘dormant’ Commerce Clause,” and tracing the doctrine to *Cooley v. Board of Wardens*, 53 U.S. (12 How.) 299 (1852)).

“Dormant Commerce Clause,” the Court will in some circumstances strike down state legislation if it interferes with interstate commerce.¹⁶⁵

Under modern jurisprudence, the Dormant Commerce Clause doctrine has two basic branches.¹⁶⁶ Under the first branch, if state legislation discriminates against interstate commerce, or discriminates against citizens of other states (or out-of-state corporations), the Court will generally find it to be per se invalid.¹⁶⁷ If the state legislation does not discriminate but nevertheless has a negative effect on interstate commerce, the Court will take a closer look, applying the balancing test derived from *Pike v. Bruce Church, Inc.*:¹⁶⁸

Where the statute regulates even-handedly to effectuate a legitimate local public interest, and its effects on interstate commerce are only incidental, it will be upheld unless the burden imposed on such commerce is clearly excessive in relation to the putative local benefits.¹⁶⁹

While the Court routinely invalidates discriminatory state enactments, it is much more deferential in its balancing, only invalidating state legislation that has a substantial burden on interstate commerce but is of relatively little benefit to the state.¹⁷⁰

165. See generally *id.* §§ 6-1 to 6-14, 6-23, at 1021–1105, 1148–50; CHEMERINSKY, *supra* note 12, § 5.3, at 430–66; BRANNON P. DENNING & BORIS I. BITTKER, BITTKER ON THE REGULATION OF INTERSTATE AND FOREIGN COMMERCE ch. 6 (chapter entitled “The ‘Dormant’ Commerce Clause: Restrictions on State Regulatory Powers”) (2d ed. 2013) [hereinafter DENNING, BITTKER].

166. See CHEMERINSKY, *supra* note 12, § 5.3.3.2, at 441 (providing a “Summary of Current Approach” to the Dormant Commerce Clause); see also TRIBE, *supra* note 12, § 6-6, at 1059–68 (providing “A Doctrinal Overview” to the two branches).

167. See CHEMERINSKY, *supra* note 12, §§ 5.3.4, 5.3.6, at 442–48, 455–60.

168. 397 U.S. 137 (1970); see also CHEMERINSKY, *supra* note 12, § 5.3.5, at 448–55 (describing the “*Pike* balancing” analysis).

169. *Pike*, 397 U.S. at 142 (citing *Huron Portland Cement Co. v. City of Detroit*, 362 U.S. 440, 443 (1960)). The Court later restated the test as “When . . . a statute has only indirect effects on interstate commerce and regulates evenhandedly, we have examined whether the State’s interest is legitimate and whether the burden on interstate commerce clearly exceeds the local benefits.” *Brown-Forman Distillers Corp. v. N.Y. State Liquor Auth.*, 476 U.S. 573, 579 (1986) (citations omitted).

170. See CHEMERINSKY, *supra* note 12, § 5.3.3.2, at 440–41 (“[L]aws that do not discriminate are generally upheld and will be struck down only if found to place a burden on interstate commerce that outweighs the benefits from the law.”); *id.* § 5.3.5, at 449 (“Generally, although certainly not always, a court upholds the law once it decides it is not discriminatory.”).

Commentators have observed that the Court is increasingly unwilling to invalidate state legislation under the second branch, preferring to defer to state legislatures unless they are discriminating against interstate commerce or out-of-state businesses.¹⁷¹ However, the *Pike* balancing test does retain validity in some instances where a state law seriously interferes with interstate commerce, particularly when the law directly affects the actual instrumentalities of interstate commerce.¹⁷² Courts will also sometimes invalidate state legislation under a doctrine of extraterritoriality that operates when a state attempts to regulate activities that take place in other states.¹⁷³ Although the strong form of this doctrine has fallen out of favor in recent years, it does retain vitality in some circumstances relevant to this article:

Generally speaking, lower courts tend to invalidate statutes [having extraterritorial effects] when (1) there is *Brown-Forman* or *Healy*-like price controls linking prices in the regulating jurisdiction to those charged elsewhere; (2) where it is clear that a statute seeks to enable State A to control activities occurring in State B, or to use *Baldwin's* phrase, where State A is "projecting" its legislation into State B; and (3) in certain cases dealing with early state regulation of the Internet.¹⁷⁴

171. See, e.g., DENNING, BITTKER, *supra* note 165, § 6.05 (observing that "[t]hrough it has not repudiated *Pike* balancing explicitly, the Court has not clearly invalidated a state statute using it in a generation"); TRIBE, *supra* note 12, § 6-6, at 1062; CHEMERINSKY, *supra* note 12, § 5.3.5, at 448–51.

172. See TRIBE, *supra* note 12, § 6-9, at 1080–85 (discussing "Restrains on the Movement of Interstate Commerce"); CHEMERINSKY, *supra* note 12, § 5.3.5, at 452–53 (discussing "State Laws Regulating the Size of Trucks and Trains"); DENNING, BITTKER, *supra* note 165, § 6.08[B].

173. See, e.g., *Healy v. Beer Inst., Inc.*, 491 U.S. 324, 336 (1989) ("[A] statute that directly controls commerce occurring wholly outside the boundaries of a State exceeds the inherent limits of the enacting State's authority . . ."); see also DENNING, BITTKER, *supra* note 165, § 6.08 (discussing "Multiple State Regulatory Burdens on and Extraterritorial State Regulation of Interstate Commerce"); *id.* § 6.05 ("*Pike* balancing is, however, alive and well in the lower courts, with state and federal courts publishing dozens of decisions each year in which a violation of *Pike* balancing is alleged While the vast majority of *Pike* claims fail, plaintiffs occasionally prevail, particularly in the following categories of cases: . . . *Laws with Extraterritorial Effects*["]); TRIBE, *supra* note 12, § 6-8, at 1074–80 (subsection labeled "Illustrating the Importance of Avoiding Extraterritoriality"); CHEMERINSKY, *supra* note 12, § 5.3.5, at 453–54 (discussing "Laws Where States Attempt to Regulate Out-of-State Businesses").

174. DENNING, BITTKER, *supra* note 165, § 6.08[E] (footnotes omitted). Category

As suggested by item (3), the Internet raises some particularly thorny issues for courts analyzing the Dormant Commerce Clause.¹⁷⁵ The Supreme Court has recognized that the Internet may present special difficulties for analysis, albeit in a somewhat different context (the First Amendment).¹⁷⁶ One of the most influential cases in the area has been a district court case, *American Libraries Ass'n v. Pataki*,¹⁷⁷ which is frequently cited by other courts, including federal circuit courts.¹⁷⁸ *Pataki* involved a challenge to a New York statute that outlawed making certain forms of pornography available to minors, on the grounds that it interfered with interstate commerce.¹⁷⁹ The court observed that “[t]he borderless world of the Internet raises profound questions concerning the relationship among the several states and the relationship of the federal government to each state, questions that go to the heart of ‘our federalism.’”¹⁸⁰ It later added, “[m]oreover, no aspect of the Internet can feasibly be closed off to users from another state. An internet user who posts a Web page cannot prevent New Yorkers or Oklahomans or Iowans from accessing that page and will not even know from what state visitors to that site hail.”¹⁸¹ It then followed up with “[t]he nature of the Internet makes it impossible to restrict the effects of the New York Act to conduct occurring within New

(1) references *Brown-Forman Distillers Corp. v. New York State Liquor Authority*, 476 U.S. 573 (1986), and *Healy v. Beer Inst. Inc.*, 491 U.S. 324 (1989), both of which invalidated statutes that linked alcohol prices in the enacting states to the prices in other states, and thereby fixed the prices in those other states. The Court rejected the attempt of the enacting states to extend their laws beyond their own borders. *Id.* Category (2) references *Baldwin v. G.A.F. Seelig, Inc.*, 294 U.S. 511 (1935), in which the Court invalidated a New York law that banned the sale of milk brought in from out of state unless the price paid was at least the New York statutory minimum price. *Id.*

175. See also *id.* § 6.05 (“[P]laintiffs occasionally prevail [under *Pike* balancing], particularly in the following categories of cases: . . . *Internet Regulation*[.]”)

176. See *Reno v. ACLU*, 521 U.S. 844 (1997). Indeed, many of the Internet cases have a First Amendment component, in addition to a Dormant Commerce Clause component.

177. 969 F. Supp. 160 (S.D.N.Y. 1997).

178. The court carefully explained the basics of the Internet as it existed in 1997. See *id.* at 164–68.

179. See *id.* at 163. The law obviously has First Amendment implications, but the court concluded that the Dormant Commerce Clause analysis was sufficient to support the requested preliminary injunction, so it reserved the First Amendment issue pending the Supreme Court’s resolution of the issue in *Reno*. See *id.* at 183.

180. *Id.* at 168 (quoting *Younger v. Harris*, 401 U.S. 37, 44 (1971)).

181. *Id.* at 171.

York.”¹⁸² For purpose of its Dormant Commerce Clause analysis, *Pataki* analogized the Internet to trains and trucks, noting that:

The Internet, like the rail and highway traffic at issue in the cited [Supreme Court] cases, requires a cohesive national scheme of regulation so that users are reasonably able to determine their obligations. Regulation on a local Level, by contrast, will leave users lost in a welter of inconsistent laws, imposed by different states with different priorities.¹⁸³

The court concluded that the New York statutes failed the Dormant Commerce Clause analysis and issued a preliminary injunction against enforcing them.¹⁸⁴ Many other courts have followed *Pataki* in concluding that the nature of the Internet makes state regulation problematic under the Dormant Commerce Clause,¹⁸⁵ as have commentators.¹⁸⁶

One final note on the Dormant Commerce Clause doctrine: The premise behind the doctrine is that the Commerce Clause grants

182. *Id.* at 177.

183. *Id.* at 182. For a discussion of the Supreme Court’s jurisprudence regarding trains and trucks, see *infra* Part III.A.2.

184. *See* 969 F. Supp. at 184.

185. *See, e.g.*, *ACLU v. Johnson*, 194 F.3d 1149, 1162 (10th Cir. 1999) (“We agree with the court in *Pataki*, when it observed, ‘[t]he Internet, like . . . rail and highway traffic . . . , requires a cohesive national scheme of regulation so that users are reasonably able to determine their obligations.’”); *PSINet, Inc. v. Chapman*, 362 F.3d 227 (4th Cir. 2004) (striking a Virginia statute similar to New York’s under the Dormant Commerce Clause); *Am. Booksellers Found. v. Dean*, 342 F.3d 96 (2d Cir. 2003) (same for a Vermont statute); *Knoll Pharm. Co. v. Sherman*, 57 F. Supp. 2d 615 (N.D. Ill. 1999) (striking down, under the Dormant Commerce Clause, an Illinois law preventing Internet advertising of a pharmaceutical).

186. *See, e.g.*, Glenn Harlan Reynolds, *Virtual Reality and “Virtual Welters”: A Note on the Commerce Clause Implications of Regulating Cyberporn*, 82 VA. L. REV. 535 (1996) (proposing the Dormant Commerce Clause as an alternative to the First Amendment for addressing state overreaching in regulating pornography on the Internet, making an analogy to interstate sales taxation cases). *But see* Jack L. Goldsmith & Alan O. Sykes, *The Internet and the Dormant Commerce Clause*, 110 YALE L.J. 785 (2001) (arguing that the Internet is not really different and should be analyzed using ordinary *Pike* balancing). Goldsmith and Sykes speculated in 2001 that identifying a user’s geographic location via the user’s Internet protocol (IP) address would rapidly improve, so that state laws could be appropriately applied (this geolocation issue is discussed in more detail *infra* Part II.B). *Id.* However, the current accuracy numbers do not bear out that prediction (and the sources they cite have apparently gone out of business). They also cite as evidence examples of sites screening users based on country, a process that is extremely accurate but not very helpful in the present context. *Id.*

power to Congress to regulate commerce between the states, and states cannot interfere with that power. However, that concern does not arise when Congress *authorizes* the states to take actions that would otherwise be unconstitutional violations of the Dormant Commerce Clause.¹⁸⁷ Thus, the Supreme Court has held that Congress may authorize states to take actions that violate the Dormant Commerce Clause:

Congress, of course, has power to regulate the flow of interstate commerce in ways that the States, acting independently, may not. And Congress, if it chooses, may exercise this power indirectly by conferring upon the States an ability to restrict the flow of interstate commerce that they would not otherwise enjoy.¹⁸⁸

However, the Court tends to construe such grants of power extremely narrowly, looking for a very clear statement that Congress in fact intended to authorize the states to violate the Dormant Commerce Clause.¹⁸⁹

II. THE LEGACY SOUND RECORDING PROTECTION ACT

On January 27, 2014, Tennessee state Senator Stacey Campfield introduced Senate Bill 2187, the “Legacy Sound Recording Protection Act” [the “LSRPA”],¹⁹⁰ with the intent of taking greater advantage of the § 301(c) non-preemption provision. The LSRPA, closely modeled on the provisions of the federal Copyright Act, would

187. See *TRIBE*, *supra* note 12, § 6-35, at 1242–45; *CHEMERINSKY*, *supra* note 12, § 5.5.7.1, at 461–63.

188. *Lewis v. BT Inv. Managers, Inc.*, 447 U.S. 27, 44 (1980); see also *Ne. Bancorp, Inc. v. Bd. of Governors*, 472 U.S. 159, 174 (1985) (“When Congress so chooses, state actions which it plainly authorizes are invulnerable to constitutional attack under the Commerce Clause.”); *W. & S. Life Ins. Co. v. State Bd. of Equalization*, 451 U.S. 648, 652–53 (1981) (“If Congress ordains that the States may freely regulate an aspect of interstate commerce, any action taken by a State within the scope of the congressional authorization is rendered invulnerable to Commerce Clause challenge.”).

189. See generally *DENNING*, *BITTKER*, *supra* note 165, § 9.06 and cases cited therein.

190. LSRPA, *supra* note 5. More information about the bill, including its current status, may be found at <http://wapp.capitol.tn.gov/apps/BillInfo/default.aspx?BillNumber=SB2187&GA=108>. At approximately the same time, State Representative G.A. Hardaway introduced a companion bill in the House of Representatives. H.B. 2187, 108th Gen. Assemb., Reg. Sess. (Tenn. 2014), available at <http://www.capitol.tn.gov/Bills/108/Bill/HB2187.pdf>.

grant owners of pre-1972 sound recordings essentially the same rights in Tennessee that owners of sound recordings made after 1972 enjoy throughout the United States under federal law.¹⁹¹

The LSRPA Bill came to Senator Campfield primarily from Tony Gottlieb, a Nashville lawyer who is the assignee of a variety of pre-1972 sound recordings he is attempting to monetize, and Henry Gradstein, the lawyer for the music group The Turtles.¹⁹² These authors represent holders of rights in commercially valuable pre-1972 sound recordings who want to be paid when their recordings are played on satellite radio or streamed over the Internet. The claim is couched in terms of equality—rights-holders in sound recordings made after 1972 already have such rights under federal law, and they simply want the same rights.¹⁹³

The LSRPA Bill in fact failed to advance out of the Civil Justice Subcommittee of the Civil Justice Committee of the Tennessee House of Representatives.¹⁹⁴ However, the issues it raises remain relevant, for several reasons. First, it may be reintroduced in Tennessee,¹⁹⁵ or the bill's authors may try to persuade another state

191. See LSRPA, *supra* note 5.

192. See E-mail from Stacey Campfield, Tennessee State Senator, to Cari Gervin, Knoxville Metro Pulse (Feb. 10, 2014, 18:20 EST) (on file with the author, as forwarded from Gervin) (identifying the bill's authors as Tony Gottlieb in Tennessee and Henry Gradstein from Gradstein & Marzano, the lawyers from the Turtle's California class action). Gottlieb is the principal in the ACF Music Group and its online licensing site, <http://www.getsongsdirect.com/>. See E-mail from Cari Gervin, Knoxville Metro Pulse, to Gary Pulsinelli (Feb. 10, 2014, 18:47 EST) (on file with the author) (forwarding Sen. Campfield's email and identifying Gottlieb).

193. The Turtles had earlier filed a class-action suit against SiriusXM in California, claiming that they have common law copyrights there that entitle them to compensation when their songs are played on satellite radio. See *Complaint, Flo & Eddie, Inc. v. SiriusXM Radio, Inc.*, No. BC517032, 2013 WL 3948110 (Cal. Super. Ct. Aug. 1, 2013); see also Coulehan, *supra* note 4 (describing the litigation); Rau, *supra* note 4 (same). This litigation is discussed further *supra* Part III.C.

194. See *Bill Information for HB2187*, TENNESSEE GENERAL ASSEMBLY, <http://wapp.capitol.tn.gov/apps/BillInfo/Default.aspx?BillNumber=%20HB2187&GA=108> (visited Aug. 13, 2014) (showing that the Bill failed in subcommittee).

195. In Tennessee, defeated bills often reappear repeatedly in subsequent legislative sessions, until they eventually pass. See, e.g., Chas Sisk, *Governor Haslam signs wine in grocery stores bill*, THE TENNESSEAN (Mar. 21, 2014), <http://www.tennessean.com/story/news/politics/2014/03/20/governor-haslam-signs-wine-grocery-stores-bill/6653903/> (noting that the signing into law of a bill that permits Tennessee grocery stores to sell wine “capped a seven-year effort to put wine in grocery stores”). This is perhaps less likely after Sen. Campfield's defeat in the subsequent primary election. See Gerald Witt, *Challenger Briggs clobbers Campfield*, KNOXVILLE NEWS SENTINEL, Aug. 8, 2014, at A1, available at http://www.knoxnews.com/news/local-news/party-makes-a-point-its-briggs-over-campfield_46923639.

to introduce it. Second, even absent a bill, The Turtles are trying to get a similar digital transmission right recognized under California common law.¹⁹⁶ The same arguments for federal preemption of the proposed Tennessee statute will apply to the argued California common law right.

A. Provisions of the Act

The LSRPA proposed to add several of the relevant federal rights found in 17 U.S.C. § 106 to Tennessee law.¹⁹⁷ The main operative provision, intended to be codified at § 29-10-103 of the Tennessee Code, reads as follows:

(a) The owner of copyright of a sound recording initially fixed on or before February 15, 1972, has the exclusive right to:

- (1) Reproduce the sound recording in copies or phonorecords;
- (2) Prepare derivative works based upon the sound recording;
- (3) Distribute copies or phonorecords of the sound recording to the public by sale or other transfer of ownership, or by rental, lease, or lending; or
- (4) Perform the sound recording publicly by means of a digital or satellite audio transmission.¹⁹⁸

Subsections (a)(1)–(3) correspond to 17 U.S.C. § 106(1)–(3), with almost identical language.¹⁹⁹ They thus grant owners of copyright in pre-1972 sound recordings the exclusive rights of copying,

196. See Complaint, *Flo & Eddie Inc.*, 2013 WL 3948110.

197. See LSRPA, *supra* note 5, § 1.

198. See *id.* § 1. Subsection 29-10-103(b) then establishes that this is a private civil right of action:

- (b) In addition to any other penalty provided by law, including § 39-14-139, there is created under this section a civil cause of action for an owner of copyright of a sound recording initially fixed on or before February 15, 1972, against any person or legal entity that performs the actions described in subdivisions (a)(1)–(4) without the owner's express permission.

199. Compare *id.* with 17 U.S.C. § 106(1)–(3).

distribution, and making derivative works.²⁰⁰ These rights already were largely covered by Tennessee's criminal piracy provision and may also have existed under Tennessee common law, but the LSRPA would make that protection explicit and civil.²⁰¹ More interestingly, the LSRPA also proposed to grant owners of pre-1972 sound recordings the § 106(6) digital performance right in Tennessee.²⁰² To date, no state has ever provided such a right for pre-1972 sound recordings. The LSRPA also adds a new subsection § 29-10-102 that provides definitions of the terms used in § 29-10-103.²⁰³ These definitions are again derived from the corresponding definitions found in the federal Copyright Act at 17 U.S.C. § 101.²⁰⁴

B. Issues Created by the Act

As drafted, the LSRPA bill creates a variety of issues. First are some minor technical problems in the drafting that can easily be fixed. As noted, much of the text is derived from the federal Copyright Act. However, the authors diverged from the federal text in minor ways that nonetheless rendered portions unnecessarily confusing. For example, compare the definitions of "perform." Section 101 of the Copyright Act reads:

To "perform" a work means to recite, render, play, dance, or act it, either directly or by means of any device or process . . .²⁰⁵

The same definition from the LSRPA bill reads:

"Perform" means to recite, render, play, dance, or act it, either directly or by means of any device or process²⁰⁶

The rewording is minor, but the result is that the word "it" now has no antecedent, rendering the provision ambiguous.

200. Notably absent is the general public performance right found in 17 U.S.C. § 106(4). However, as discussed *supra* notes 62–69 and accompanying text, 17 U.S.C. § 114 exempts sound recordings from this right, so the net effect is the same.

201. See LSRPA, *supra* note 5, § 1.

202. See *id.* (adding new § 29-10-103(a)(4), giving owners of pre-1972 sound recordings the exclusive right to "Perform the sound recording publicly by means of a digital or satellite audio transmission.").

203. See *id.* (adding new § 29-10-103(a)(4)).

204. Compare *id.* with 17 U.S.C. § 101.

205. 17 U.S.C. § 101.

206. LSRPA, *supra* note 5, § 1.

Another problem is with the issue of who, exactly, is entitled to take advantage of the LSRPA. It grants the relevant rights to “[t]he owner of copyright of a sound recording initially fixed on or before February 15, 1972,” but it fails to provide a definition of the term “owner of copyright.”²⁰⁷ It cannot mean the owner under federal law, because the Copyright Act specifically leaves these recordings outside federal law.²⁰⁸ Who, then, is the “owner” under state law? Ownership of pre-1972 sound recordings is a complex subject.²⁰⁹ The “owner” might be the recording artist, or the label that did the recording. Or perhaps someone else owns it via assignment. Because of this difficulty, many state statutes define the owner as the entity who owns the original recording masters.²¹⁰ Indeed, that is the definition Tennessee uses in its criminal piracy provision:

“Owner” means a person who owns the sounds fixed in a master phonograph record, master disc, master tape, master film or other recording on which sound is or can be recorded and from which the transferred recorded sounds are directly or indirectly derived²¹¹

Clarifying the definition would help the legislature and other interested parties better understand precisely what result the LSRPA would accomplish.

More perniciously, the bill omits many of the public protection exemptions that limit copyrights in the federal context. The federal statutes have general exemptions that apply to all copyrighted works, including: exemptions for teaching and scholarship, and for libraries;²¹² the first sale doctrine (permitting legitimate owners of copyrighted works to resell those works without infringing the copyright);²¹³ and fair use.²¹⁴ Furthermore, regarding the digital

207. *See id.*

208. *See* 17 U.S.C. § 301(c).

209. *See* COPYRIGHT OFFICE REPORT, *supra* note 14, at 139–46.

210. *See, e.g.*, TENN. CODE. ANN. § 39-14-139(a)(5) (2009); N.Y. PENAL LAW § 275.00 (McKinney). *See generally* STATE SOUND RECORDING LAWS, *supra* note 93 (indicating that most states define ownership in terms of the master recordings).

211. TENN. CODE. ANN. § 39-14-139(a)(5).

212. *See* 17 U.S.C. § 110 (2012).

213. *See* 17 U.S.C. § 109(a) (2012). The first sale doctrine is the reason used book and CD stores, as well as libraries, can operate. Without it, such reselling or lending would infringe the distribution right in § 106(3). Under the LSRPA, reselling a CD that had been legitimately purchased would be an act of infringement. *See* Gervin, *supra* note 6, at 10–11 (discussing the first sale doctrine problems with the LSRPA, and also discussing the other problems described in this section). *But see* 2 NIMMER ON COPYRIGHT, *supra* note 14, § 8C.02 (asserting that “[t]he limitation on the

performance right in sound recordings specifically, the federal statutes contain the detailed exclusions and compulsory licensing provisions detailed in Part I.A.2.b, *supra*. The LSRPA, on its face, recognizes none of these limitations.

Another problem is the geographic scope of the provision. The statute itself is completely silent on the issue, making only blanket statements of liability;²¹⁵ nowhere is it limited to “in this state.” Thus, the LSRPA arguably would allow *any owner* of a pre-1972 sound recording that was sold or transmitted *anywhere* to file suit in Tennessee, even if the sale or transmission was legal where it occurred and had no connection whatsoever to Tennessee. A statute that broad would almost certainly be struck down as beyond the power of the Tennessee legislature, which is limited to acting in Tennessee. This article will largely proceed on the assumption that the LSRPA will be amended or otherwise interpreted to require at least some link to Tennessee.²¹⁶

The biggest issues with the LSRPA, however, relate to the nature of the technologies that it attempts to regulate. As a Tennessee law, an enacted LSRPA would be applicable only in Tennessee. Assuming other states do not follow Tennessee’s lead, transporting copies of sound recordings or broadcasting the recordings into Tennessee from another state may create problems. Historically, these problems have been relatively minor, as most state piracy statutes and applications of common-law copyright have related to record piracy, which implicates only the rights of copying and distribution. State-law limitations on these rights may cause

statutory distribution right as being generally applicable only to the initial sale of a given copy has been said to be equally applicable in the area of common law copyright.” (citations omitted)).

214. See 17 U.S.C. § 107 (2012).

215. See LSRPA, *supra* note 5, § 1 (adding new § 29-10-103(b), creating a broad civil cause of action for owners of pre-1972 sound recordings).

216. Statutes with such broad extraterritorial effects are sometimes interpreted narrowly as restricted to the enacting state, to avoid problems under the Dormant Commerce Clause. *Cf.* 82 C.J.S. Statutes § 381 (“Courts presume that the legislature did not intend to give its enactments an impermissible extraterritorial operation.”); *PSINet, Inc. v. Chapman*, 362 F.3d 227, 239–40 (4th Cir. 2004) (discussing an argument for a narrow construction to avoid impermissible extraterritorial effects); *Am. Libraries Ass’n v. Pataki*, 969 F. Supp. 160, 163–64, 169–70 (S.D.N.Y. 1997) (construing a New York statute that did not explicitly limit effect to New York as “appl[ying] to any communication, intrastate or interstate, that fits within the prohibition and over which New York has the capacity to exercise criminal jurisdiction”). *But see Backpage.com, LLC v. Cooper*, 939 F. Supp. 2d 805 (M.D. Tenn. 2013) (declining to so interpret a Tennessee statute pertaining to adult classified ads on the Internet that lacked a geographic restriction).

some inconvenience but in general do not amount to much more than that.²¹⁷

However, these problems become much more profound when the rights are expanded to cover digital performances, as the LSRPA proposes. The main sources of digital performances are the Internet and satellite radio—media that are inherently unlimited by state boundaries. Thus, a recording may be performed in many states at once, creating potentially serious problems for the broadcasters. As an example, consider SiriusXM: It has a '60s music channel (among myriad others), and all music on this channel will be covered by the statute.²¹⁸ By the nature of satellite radio, SiriusXM transmits this channel to subscribers all over the country via its digital signal, thus making a “digital performance” of each work. In most cases, these performances will create no issues—the recordings are not protected under federal law or currently under any other state law (pending the outcome of *The Turtles’* suit in California), so transmissions to those states will not infringe any rights in the songs. However, any transmissions that are received in Tennessee will be infringing, and recording artists will thus be able to sue SiriusXM in Tennessee.²¹⁹

217. *Cf. Goldstein v. California*, 412 U.S. 546, 558 (1973) (noting that limitations on copying and distribution do not cause problems, and identifying the biggest problems as citizens of a state with such a law evading its application by traveling to a state without one).

218. *See SiriusXM Channel Lineup*, SIRIUSXM, <http://www.siriusxm.com/channellineup/> (last visited Aug. 16, 2014) (showing Channel 6, “60s on 6”). Potentially even more problematic is its '70s channel, where some music will be covered by the LSRPA and some will not. *See id.* (showing Channel 7, “70s on 7”). Many other channels will play at least occasional pre-1972 sound recordings. *See generally id.*

219. Actually, the statute may be interpreted to avoid this result. The LSRPA creates liability for broadcasters who “[p]erform the sound recording publicly by means of a digital or satellite audio transmission.” LSRPA, *supra* note 5, § 1 (proposed new § 29-10-103(a)(4)). If “perform” is interpreted to mean that the performance must be made in Tennessee, then only Tennessee webcasters and broadcasters will be affected, greatly diminishing the reach of the statute and its potential to conflict with federal law. However, such an interpretation seems unlikely (especially since, as noted above, the current LSRPA contains no geographic limitations whatsoever) and is clearly not what the authors intend—they want to be able to go after SiriusXM and big webcasters, not local Tennessee webcasters. Indeed, SiriusXM is currently the only satellite radio provider (and likely to remain so in the foreseeable future) and it is not located in Tennessee, rendering the LSRPA’s references to “satellite audio transmission” superfluous. Thus, this article will proceed on the assumption that, if enacted, the LSRPA will cover transmissions received in Tennessee from other states. *Cf. Am. Broad. Cos. v. Aereo, Inc.*, ___ U.S. ___, 134 S. Ct. 2498 (2014) (discussing whether an Internet “performance” is made by

So what could SiriusXM do to protect itself under an enacted LSRPA? It might choose to attempt to comply with the statute for its Tennessee customers by paying royalties.²²⁰ Under the federal digital performance right in sound recordings, it would be able to do so simply by making the requisite payments to SoundExchange, taking advantage of the § 114(d)(2) statutory license. However, the LSRPA does not have the compulsory license scheme of the federal system, and so SiriusXM would have to negotiate individually with each recording artist or record label that owns a pre-1972 sound recording it plays.²²¹ Alternatively, it might attempt to cut off Tennessee customers completely (or at least from all broadcasts of pre-1972 sound recordings). However, even that would not solve the problem. To do so, it would have to identify which of its customers are listening to pre-1972 sound recordings in Tennessee, where the recordings are protected by the LSRPA. It might consider using billing addresses as a proxy, but it would quickly conclude that to be insufficient—a customer with a billing address in a surrounding state²²² might nevertheless work in Tennessee and listen there on a daily basis, thus receiving infringing transmissions. Further, this approach would not work at all for many passive webcasters, including radio stations that retransmit their broadcast signals via the Internet, as such webcasters do not have bills or even registered users.

The fundamental problem is that SiriusXM and webcasters generally cannot control, or even tell, *where* a customer is listening to a web feed or receiving a satellite radio signal. SiriusXM radios are strictly receivers and cannot communicate their location to the

the host or recipient).

220. And, as a likely corollary, then charge its Tennessee customers extra for their music.

221. Without the compulsory license provisions, doing anything with pre-1972 sound recordings in Tennessee would become very problematic. On a related note, unlike the federal system, *see* 17 U.S.C. § 114(d)(1) (2012), the LSRPA does not exclude terrestrial broadcasts made via a digital signal. Thus, the local Knoxville public radio station, WUOT, which has switched to a digital signal, would be liable for transmitting pre-1972 sound recordings (as it does frequently on its nightly jazz programming), even though it is not liable when it transmits post-1972 sound recordings. It would also be liable for its “Listen Live” online stream, *see* <http://wuot.org>, even though it would be eligible for the federal exception as a “transmission . . . made by a noncommercial educational broadcast station [that] consists solely of noncommercial educational and cultural radio programs.” *See* 17 U.S.C. § 114(d)(1)(iv).

222. This is particularly relevant to Tennessee, which borders eight other states. *See* *Backpage.com, LLC v. Cooper*, 939 F. Supp. 2d 805, 844 & n.8 (M.D. Tenn. 2013) (noting that Tennessee is one of only two states bordering eight other states).

satellites, which have no idea where the signal is being received.²²³ Similarly, webcasters cannot easily identify where a listener is receiving their webcasts.²²⁴ As a consequence, broadcasters might find themselves inadvertently violating the statute when, for example, a California subscriber receives an Internet webcast or

223. See SiriusBuzz, Charles LaRocca, SiriusBuzz Founder, Comment to *Does SiriusXM know my listening location?*, SIRIUSBZZ SIRIUSXM SATELLITE RADIO FORUM (Aug. 13, 2014, 5:29 PM) <http://siriusbuzz.com/forum/showthread.php?t=7093-Does-SiriusXM-know-my-listening-location>; see also Thread: *Does Sirius/XM know what station I'm listening to?*, THE STRAIGHT DOPE MESSAGE BOARD (May 15–16, 2013) <http://boards.straightdope.com/sdmb/showthread.php?t=691058>.

224. Although methods exist for identifying a user's location based on his or her IP address, this method is at best only 50–80% accurate at the city/regional level, according to the companies that provide such IP geolocation data services (they do not present their accuracy numbers on the state level). See, e.g., *IP-based Geolocation FAQ*, IPLOCATION, <http://www.iplocation.net/#geolocation> (last visited Aug. 16, 2014) (“Accuracy of geolocation database varies depending on which database you use. . . . For IP-to-Region (or City), acc[ur]acy range[s] anywhere from 50% to 75% if neighboring cities are treated as correct. Considering that there is no official source of IP-to-Region information, 50+% accuracy is pretty good.”); *IP2Location Data Accuracy*, IP2LOCATION, <http://www.ip2location.com/data-accuracy> (last visited Aug. 16, 2014) (showing accuracy of identifying a visitor's United States city within fifty miles by IP address as 76%); *How accurate is IP GeoLocation?*, WHATISMYIPADDRESS.COM, <http://whatismyipaddress.com/geolocation-accuracy> (last visited Aug. 16, 2014) (“According to companies that report on these things: Accuracy rates on naming the city from an IP address vary between 50%-80%.”); *GeoIP2 City Accuracy*, MAXMIND, https://www.maxmind.com/en/city_accuracy (last visited Jan. 12, 2015) (showing accuracy of identifying a visitor's United States city within forty kilometers by IP address as 84%, with 13% incorrectly resolved and 3% unknown). Anecdotal evidence also highlights the problem of figuring out where listeners are located. See mattbna, Comment to *How accurate is the geographic location report?*, GOOGLE PRODUCTS FORUM: GOOGLE ANALYTICS, <https://productforums.google.com/forum/#!to/pic/analytics/J4BepeFq94M> (last visited Aug. 16, 2014) (“According to Google, the IP of my Verizon smartphone is located in North Carolina. According to every other IP location service I've checked on the web, my IP is located in Livingston, NJ. In reality, I've been in Middle Tennessee the entire time. Most of the time, a mobile phone's IP address is not going to be from the city where the user is actually located.”); Wiiiilsooon, Comment to *Geotargeting Based on IP Address is Broken*, STATE OF DIGITAL, <http://www.stateofdigital.com/geotargeting-based-on-ip-address-is-broken/> (last visited Aug. 16, 2014) (“I advertise in Alaska, but when I search for anything on Google I get results from Hawaii and Pennsylvania.”). But see Thomas Lowenthal, *IP address can now pin down your location to within a half mile*, ARSTECHNICA, (Apr. 22, 2011), <http://arstechnica.com/tech-policy/2011/04/getting-warmer-an-ip-address-can-map-you-within-half-a-mile/> (describing a complex new method that purports to identify a physical address from an IP address to within half a mile).

SiriusXM broadcast of a pre-1972 song while driving through Tennessee.²²⁵

Finally, to cap off the problem, almost all of these broadcasts would be legal and noninfringing in the states from which they originated—only their receipt in Tennessee, outside the control of the broadcaster, might create liability.

III. POTENTIAL FEDERAL CONFLICTS WITH THE LEGACY SOUND RECORDING PROTECTION ACT

Some of the issues with the LSRPA raised in the previous section may create conflicts with federal law, such that if it is enacted, the LSRPA would be found invalid pursuant to the Supremacy Clause of the United States Constitution.

A. Preemption

One of these federal problems is preemption. The main issue is likely to be preemption under the Copyright Act. However, the LSRPA may also be invalid under the Dormant Commerce Clause.

1. Copyright Preemption

The kinds of conflicts identified in Part II.B, *supra*, which arise from inconsistent state laws, are precisely why the Founders chose to put copyright law into the Constitution and thus federalize it in the first place. Judge Learned Hand made this point emphatically in dissent:

Uniformity was one of the principal interests to be gained by devolving upon the Nation the regulation of this subject [i.e., copyright law]. During the existence of the Articles of Confederation several of the states had passed copyright laws, largely through the efforts of Noah Webster; and on May 2, 1783, Madison had procured the passage of a resolution through Congress recommending the states to pass such a law. By 1786 all but Vermont had done so, although in several states the statute did not protect citizens of states that did not reciprocate; and so the matter stood in 1787. So far as I know, there is nothing to show what took place in the Convention; but, in the 43rd number of the *Federalist*, Madison made this short comment on the Clause, 'The States cannot separately make effectual provision for either of these cases' (patents or copyrights), 'and most of

225. Goldsmith & Sykes, *supra* note 186, at 806–07.

them have anticipated the decision of this point, by laws passed at the instance of Congress.’ He assumed that it was obvious that the states could not make any such ‘effectual provision,’ and so it was; for, although a state may prohibit the importation of pirated ‘works’ published elsewhere, and even confiscate them, that has again and again proved an ineffective protection²²⁶

The Supreme Court also makes this point very explicitly in *Goldstein v. California*,²²⁷ stating “[t]he objective of the Copyright Clause was clearly to facilitate the granting of rights national in scope”²²⁸ and supporting its claim by quoting the same passage from James Madison in *The Federalist*.²²⁹ These same concerns were also the impetus for the express preemption provision found in § 301(a) of the 1976 Copyright Act, as the House Report accompanying the 1976 Act makes abundantly clear:

One of the fundamental purposes behind the copyright clause of the Constitution, as shown in Madison’s comments in *The Federalist*, was to promote national uniformity and to avoid the practical difficulties of determining and enforcing an author’s rights under the differing laws and in the separate courts of the various States. Today, when the methods for dissemination of an author’s work are incomparably broader and faster than they were in 1789, national uniformity in copyright protection is even more essential than it was then to carry out the constitutional intent.²³⁰

Performance rights in particular implicate the problems of varying state regulation, as noted by a variety of courts and commentators. In an analysis of state law protections for pre-1972

226. *Capitol Records v. Mercury Records Corp.*, 221 F.2d 657, 667 (2d Cir. 1955) (Hand, J., dissenting) (footnote omitted).

227. 412 U.S. 546 (1973).

228. *Id.* at 555.

229. *Id.* at 555–56 (quoting THE FEDERALIST NO. 43, at 309 (James Madison) (B. Wright ed. 1961)); *accord* *Bonito Boats v. Thunder Craft Boats*, 489 U.S. 141, 162 (1989) (“One of the fundamental purposes behind the Patent and Copyright Clauses of the Constitution was to promote national uniformity in the realm of intellectual property.”); *Orson, Inc. v. Miramax Film Corp.*, 189 F.3d 377, 382 (3d Cir. 1999) (“The purposes and objectives of Congress, which appear in the Copyright Act, are to implement a nationally uniform system for the creation and protection of rights in a copyrighted work.”). *See generally* H.R. REP. NO. 94-1476, at 129–33 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5745–49 (portion of the House Report accompanying the 1976 Act that discusses § 301); 1 NIMMER ON COPYRIGHT, *supra* note 14, § 1.01[A].

230. H.R. REP. NO. 94-1476, at 129 (1976).

sound recordings that predated the 1976 Copyright Act (and *Goldstein v. California*), Professor Lewis Kurlantzick observed:

Our concern here is solely with the right of reproduction and does not include state recognition of a right to control the performance of a record, which raises different issues. The provisions of the Copyright Act should be held to preclude state recognition of a performance right in a recording of a copyrighted work.²³¹

He goes on to explain:

[G]iven the interstate character of the business of both record companies and duplicators, and the inevitable burden of differing state regulations of the same transaction, there is no doubt that the most appropriate source of protection for recordings is Congress. Moreover, in light of the nationwide character of contemporary communications, it is best that a national perspective be applied when striking a balance between protection of intellectual and artistic writings (incentive) and dissemination of these writings (access).²³²

Along similar lines, in his dissent in a case that recognized an expansive role for California's right of publicity—so expansive that it defeated the rights of a copyright holder—Judge Kozinski of the Ninth Circuit acknowledged an argument very much analogous to the one suggested in this article:

[A] broad reading of the state right of publicity runs afoul of the dormant Copyright Clause, which preempts state intellectual property laws to the extent they “prejudice the interests of other States.” Just as a state law regulating the length of trucks is invalid under the dormant Commerce Clause if it poses an undue burden on interstate commerce, so California's right of publicity law is invalid if it

231. Kurlantzick, *supra* note 30, at 230–31 n.92.

232. *Id.* at 237 (footnotes omitted). In the footnotes, he observes that:

The desirability of a federal approach is underscored if one envisions a comprehensive scheme of protection which defines not only the record company's right of reproduction but also the right of public performance. The protective scheme therefore affects the broadcasting media which operate across state lines and require a uniform law of artistic 'property' so that they are not subjected to possibly different state rules.

Id. at 237 n.108.

substantially interferes with federal copyright law, even absent preemptive legislation.

A copyright licensee must be able to exercise rights which are inherently federal in nature without worrying that 50 separate states will burden those rights. This is most obviously true when state law restricts the display of derivative works outside the borders of its state. Yet that is exactly what the panel approves here: Plaintiffs are using California law to stop Host from displaying a copyrighted work in Kansas City and Cleveland. Why California should set the national standard for what is a permissible use of a licensed derivative work is beyond me.²³³

The potential conflicts might thus be resolved via preemption of the LSRPA under the Copyright Act and its goal of national uniformity.

a. Express Preemption

As noted, § 301(a) of the Copyright Act contains an express preemption provision:

(a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.²³⁴

On its face, this provision would almost certainly preempt the LSRPA, which adopts rights that are not only “equivalent to” rights in the Copyright Act but are identical to them.²³⁵ However, that is not the end of the story. Section 301(c), then establishes a special exception to preemption under § 301(a):

233. *Wendt v. Host Int’l, Inc.*, 197 F.3d 1284, 1288 (1999) (Kozinski, J., dissenting from order denying rehearing *en banc*) (citations omitted).

234. 17 U.S.C. § 301(a) (2012).

235. *Id.*; compare 17 U.S.C. § 106 (2012) with LSRPA, *supra* note 5, § 1 (text of proposed § 29-10-103(a)).

(c) With respect to sound recordings fixed before February 15, 1972, any rights or remedies under the common law or statutes of any State shall not be annulled or limited by this title until February 15, 2067. The preemptive provisions of subsection (a) shall apply to any such rights and remedies pertaining to any cause of action arising from undertakings commenced on and after February 15, 2067. Notwithstanding the provisions of section 303, no sound recording fixed before February 15, 1972, shall be subject to copyright under this title before, on, or after February 15, 2067.²³⁶

Because the LSRPA limits its coverage to “a sound recording initially fixed on or before February 15, 1972,” it falls within the exception to preemption.²³⁷ Thus, the LSRPA is not expressly preempted.

b. Implied Preemption

i. Field Preemption

At least theoretically, the Copyright Act is sufficiently comprehensive as to “occupy the field” and leave no room for the states to operate.²³⁸ However, given the strong express preemption provided in § 301(a), such an analysis is generally unnecessary—any law that escapes express preemption because it falls outside the scope of § 301(a) is likely also to fall outside the “field” occupied by the statutory scheme.²³⁹ Furthermore, a court would be very unlikely to find field preemption for pre-1972 sound recordings in the face of the specific non-preemption provision in § 301(c).²⁴⁰

ii. Conflict Preemption

Conflict preemption of the LSRPA, on the other hand, does appear to exist.

236. 17 U.S.C. § 301(c).

237. LSRPA, *supra* note 5, § 1 (text of proposed § 29-10-103(a)).

238. *Cf.* CHEMERINSKY, *supra* note 12, § 5.2.3, at 419 (providing criteria for indicating when field preemption might apply).

239. *See* 17 U.S.C. § 301(a) (2012) (express preemption provision applies to “all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright,” covering essentially whole field of federal copyright law).

240. *Cf.* Greater Los Angeles Agency on Deafness v. Cable News Network, 742 F.3d 414, 428 (9th Cir. 2014) (holding that a savings clause “signifies that Congress did not intend to occupy the entire legislative field”).

Although it was dealing with a very different federal statutory scheme and state law, the Supreme Court's analysis in *Geier v. American Honda Motor Co.*²⁴¹ strongly supports finding preemption of the LSRPA. The plaintiff in *Geier* had been injured in a car accident while driving a Honda Accord that did not have an airbag.²⁴² The plaintiff filed suit against Honda, arguing that Honda was negligent for designing the Accord without a driver-side airbag, which would have protected her in the accident.²⁴³ In defense, Honda asserted that the suit was preempted by regulations promulgated pursuant to the National Traffic and Motor Vehicle Safety Act.²⁴⁴ The Safety Act contained an express preemption provision which read:

Whenever a Federal motor vehicle safety standard established under this subchapter is in effect, no State or political subdivision of a State shall have any authority either to establish, or to continue in effect, with respect to any motor vehicle or item of motor vehicle equipment[,] any safety standard applicable to the same aspect of performance of such vehicle or item of equipment which is not identical to the Federal standard.²⁴⁵

However, it also contained a saving clause that stated that “[c]ompliance with’ a federal safety standard ‘does not exempt any person from any liability under common law.’”²⁴⁶

The Court first concluded that the saving clause in the National Traffic and Motor Vehicle Safety Act foreclosed any express preemption.²⁴⁷ Next, addressing the effect of these two provisions on implied preemption, the Court concluded that “the saving clause (like the express pre-emption provision) does *not* bar the ordinary working of conflict pre-emption principles.”²⁴⁸ The Court then went further, stating “[n]either do we believe that the pre-emption provision, the saving provision, or both together, create some kind of ‘special burden’ beyond that inherent in ordinary pre-emption

241. 529 U.S. 861 (2000).

242. *Id.* at 865. At the time of the accident, federal regulations did not yet require manufacturers to install air bags in all cars. *See generally* 49 U.S.C.A. § 30127 (2012) (mandating “automatic occupant crash protection,” defined as airbags); 49 C.F.R. § 571.208 (2014) (regulation implementing airbag requirements).

243. *See Geier*, 529 U.S. at 865.

244. *See id.* at 867.

245. *Id.* (quoting 15 U.S.C. § 1392(d) (1988)).

246. *Id.* at 868 (quoting 15 U.S.C. § 1397(k) (1988)).

247. *See id.* at 867–68.

248. *Id.* at 869 (emphasis in original).

principles—which ‘special burden’ would specially disfavor pre-emption here.”²⁴⁹ It also recognized that “this Court has repeatedly ‘decline[d] to give broad effect to saving clauses where doing so would upset the careful regulatory scheme established by federal law.’”²⁵⁰ The Court observed that “the pre-emption provision itself reflects a desire to subject the industry to a single, uniform set of federal safety standards.”²⁵¹ Having found that the provisions did not bar conflict preemption, the Court considered the scope and purpose of the federal laws at issue and concluded that permitting the suit to proceed would conflict with that purpose, including the goal of national uniformity. The suit was therefore preempted.²⁵²

The structure of *Geier*’s analysis applies nicely to assessing the validity of the LSRPA. First, the preemption provision strongly expresses an intent for national uniformity.²⁵³ In fact, the case for Copyright Act preemption is more persuasive, because the need for national uniformity is found in the Constitution itself, in the form of the Intellectual Property Clause.²⁵⁴ The genesis for that clause was the conflicts that had arisen when different states provided different rules for copyrights, leading the framers to conclude that a national system of copyrights was necessary for a strong national economy.²⁵⁵

The exception in § 301I is, in effect, a savings clause for state law as applied to pre-1972 sound recordings. Its presence does not foreclose a conflict preemption analysis, or even create a “special burden.”²⁵⁶ In fact, the Court tells us we should read such a savings clause narrowly.²⁵⁷ At the time the exception was drafted, the only relevant state laws in existence were limited to sound recording piracy,²⁵⁸ involving the copying and distribution rights; no state had

249. *Id.* at 870; *see also id.* at 870–74 (further exploring the problems that would be created if a special burden applied in this situation).

250. *Id.* at 870 (quoting *United States v. Locke*, 529 U.S. 89, 106–07 (2000)).

251. *Id.* at 871.

252. *See id.* at 874–886; *see also* 1 NIMMER ON COPYRIGHT, *supra* note 14, § 1.01[B][3][a] (suggesting that the *Geier* analysis would apply to copyright law, citing some examples both hypothetical and real). *See generally id.* § 1.01[B][3][b], [c] (further exploring copyright preemption possibilities).

253. *See* 17 U.S.C. § 301(a) (2012).

254. *See* U.S. CONST. art. I, § 8, cl. 8.

255. *See generally* Donner, *supra* note 15, at 378.

256. *Geier*, 529 U.S. at 870–71.

257. *See id.* at 870 (stating “this Court has repeatedly ‘decline[d] to give broad effect to saving clauses where doing so would upset the careful regulatory scheme established by federal law.’” (quoting *United States v. Locke*, 529 U.S. 89, 106–07 (2000))).

258. *See* COPYRIGHT OFFICE REPORT, *supra* note 14, at 20–21 (describing the state laws prior to *Goldstein* as “laws making it a criminal offense to duplicate and

ever provided a public performance right of any kind. Furthermore, the federal Copyright Act itself at the time explicitly *denied* all public performance rights in sound recordings.²⁵⁹ A narrow reading of the § 301I exception would thus suggest limiting its scope to the type of rights Congress expected the states to enact.²⁶⁰

In addition, the degree of conflict between the Copyright Act and the digital performance right for pre-1972 sound recordings that the LSRPA creates is much greater than that for the traditional state rights of copying and distribution. Copying and distribution are relatively localized activities. In contrast, digital broadcasting and webcasting are, by their very natures, immediately national in scope. They are therefore particularly suitable for federal regulation and, conversely, particularly unsuitable for state regulation. As the Court said in *Geier*, “the saving clause reflects a congressional determination that occasional nonuniformity is a small price to pay” to preserve the role of the jury in tort suits.²⁶¹ The fact that Congress was willing to pay a “small price” in “occasional nonuniformity” in some cases, where the state law was only in minor conflict with the purpose of the national statutory scheme (state laws applying to localized copying and distribution), does not mean it must accept the large price in perpetual nonuniformity when the state law seriously conflicts with the statutory goal (state laws applying to digital broadcasts).²⁶²

Perhaps even more on point is *Capital Cities Cable, Inc. v. Crisp*.²⁶³ In *Capital Cities*, the Supreme Court considered federal

distribute sound recordings, without authorization, for commercial purposes”); *id.* at 44 (noting that “[i]n general, state law does not appear to recognize a performance right in sound recordings.”). See generally STATE SOUND RECORDING LAW SURVEY, *supra* note 93 (showing that state laws do not provide public performance rights).

259. See 17 U.S.C. § 114(a) (1976) (“The exclusive rights of the owner of copyright in a sound recording . . . do not include any right of performance under section 106(4).”).

260. A similar argument would apply in response to the Court’s statement in *Bonito Boats v. Thunder Craft Boats*, 489 U.S. 141, 166–67 (1989), that “[t]he case for federal pre-emption is particularly weak where Congress has indicated its awareness of the operation of state law in a field of federal interest, and has nonetheless decided to ‘stand by both concepts and to tolerate whatever tension there [is] between them.’” (quoting *Silkwood v. Kerr-McGee Corp.*, 464 U.S. 238, 256 (1984)). That statement might be relevant for copying and distribution, the activities prohibited by state laws at the time of the 1976 Copyright Act, but it would not be relevant to digital transmission.

261. *Geier*, 529 U.S. at 871.

262. *Id.*

263. 467 U.S. 691 (1984).

preemption of Oklahoma's prohibition against alcohol advertising.²⁶⁴ The specific issue was whether federal law preempted the Oklahoma law as it applied to alcohol advertising carried on cable television. Capital Cities Cable operated several cable television networks in Oklahoma.²⁶⁵ When Oklahoma expressed an intent to start enforcing the provisions against cable companies in 1980, including a threat of criminal prosecution, Capital Cities Cable filed a suit for injunctive relief, arguing that the Oklahoma law conflicted with federal law and was therefore preempted.²⁶⁶

The Court's primary analysis focused on Federal Communications Commission ("FCC") regulations pertaining to cable television.²⁶⁷ The Court noted that the FCC had long been involved in regulating cable television, and that its comprehensive regulations preempted state regulations.²⁶⁸ The Court then cited a more specific regulation, the FCC's "must-carry" rules, which at the time required cable operators to carry certain signals, some originating from out of state, while simultaneously forbidding them from making any changes to those signals.²⁶⁹ Deleting alcohol advertising to comply with the Oklahoma law would put Capital City in direct violation of these federal rules.²⁷⁰ The Court therefore concluded that Oklahoma's ban "stands as an obstacle to the accomplishment and execution of the full purposes and objectives' of the federal regulatory scheme" and was therefore preempted.²⁷¹

The Court then went on to consider preemption under the Copyright Act.²⁷² It noted that Congress, in the 1976 Act, had implemented special rules for cable television, "to facilitate the cable industry's ability to distribute broadcast programming on a national basis."²⁷³ The Court's reasoning so precisely fits the LSRPA that it bears quoting at length:

264. *See id.* at 694 & n.1 (quoting both the relevant provisions of both the Oklahoma Constitution and the Oklahoma Alcoholic Beverage Control Act).

265. *See id.* at 696.

266. *See id.* at 695-96. Prior to 1980, Oklahoma had concluded that practical considerations precluded enforcing the advertising ban against national magazines printed out of state, and it had applied the same exception to cable TV operators. *See id.* at 695.

267. *See id.* at 698-709.

268. *See id.*

269. *See id.* at 705-06.

270. *See id.* at 706-07. The Court also noted the FCC's comprehensive regulation of "pay cable" networks as further grounds for preemption. *See id.* at 707.

271. *Id.* at 706 (quoting *Hines v. Davidowitz*, 312 U.S. 52, 67 (1941)).

272. *See id.* at 709-11.

273. *See id.* at 709.

Although the FCC has taken the lead in formulating communications policy with respect to cable television, Congress has considered the impact of this new technology, and has, through the Copyright Revision Act of 1976, acted to facilitate the cable industry's ability to distribute broadcast programming on a national basis. . . . In revising the Copyright Act . . . , Congress concluded that cable operators should be required to pay royalties to the owners of copyrighted programs retransmitted by their systems on pain of liability for copyright infringement. At the same time, Congress recognized that "it would be impractical and unduly burdensome to require every cable system to negotiate [appropriate royalty payments] with every copyright owner" in order to secure consent for such retransmissions. [from the footnote: "In developing this approach, Congress was aware that cable operators would face virtually insurmountable technical and logistical problems if they were required to block out all programs as to which they had not directly obtained copyright permission from the owner."] Section 111 of the 1976 Act codifies the solution devised by Congress. It establishes a program of compulsory copyright licensing that permits cable systems to retransmit distant broadcast signals without securing permission from the copyright owner and, in turn, requires each system to pay royalty fees to a central royalty fund based on a percentage of its gross revenues. To take advantage of this compulsory licensing scheme, a cable operator must satisfy certain reporting requirements, §§ 111(d)(1) and (2)(A), pay specified royalty fees to a central fund administered by the Register of Copyrights, §§ 111(d)(2)(B)–(D) and (3), and refrain from deleting or altering commercial advertising on the broadcast signals it transmits, § 111(c)(3). Failure to comply with these conditions results in forfeiture of the protections of the compulsory licensing system.

In devising this system, Congress has clearly sought to further the important public purposes framed in the Copyright Clause, U.S. Const., Art. I, § 8, cl. 8, of rewarding the creators of copyrighted works and of "promoting broad public availability of literature, music, and the other arts." Compulsory licensing not only protects the commercial value of copyrighted works but also enhances the ability of cable systems to retransmit such programs carried on distant broadcast signals, thereby allowing the public to benefit by the wider dissemination of works carried on television broadcast signals. By requiring cable operators to delete commercial advertisements for wine, however, the Oklahoma ban forces these operators to lose the protections of compulsory licensing. Of course, it is possible for cable systems to comply with the Oklahoma ban by simply

abandoning their importation of the distant broadcast signals covered by the Copyright Act. But such a loss of viewing options would plainly thwart the policy identified by both Congress and the FCC of facilitating and encouraging the importation of distant broadcast signals.²⁷⁴

As it did earlier with cable television, Congress decided to revise the Copyright Act to make the digital transmission of sound recordings an act of infringement via the DPRSRA.²⁷⁵ And also as with cable, Congress foresaw the problems this would create with national distribution of sound recordings via digital transmission and enacted a comprehensive statutory licensing scheme.²⁷⁶ Furthermore, this licensing scheme served “important public purposes” by facilitating widespread availability of copyrighted works.²⁷⁷ Oklahoma’s advertising ban interfered with this purpose and was therefore preempted.²⁷⁸ The LSRPA would similarly interfere with this public purpose and should similarly be preempted for the same reason.

A comparison with *Goldstein v. California*,²⁷⁹ in which the Court declined to find preemption of state-law protection of pre-1972 sound recordings under the Copyright Act,²⁸⁰ only enforces the conclusion that the LSRPA should be preempted. The issue before the Court in *Goldstein* was whether the Copyright Act preempted a California criminal law that punished record piracy, meaning the copying and distribution of the sound recordings in the records.²⁸¹ The Court rejected what was in essence an argument for field preemption,²⁸²

274. *Id.* at 709–11 (citations and footnotes omitted).

275. See Digital Performance Right in Sound Recordings Act, Pub. L. No. 104-39, 109 Stat. 336 (1995) (codified as amended at 17 U.S.C. §§ 106, 114 (2012)); see also *supra* Part I.A.2.b (describing the DPRSRA).

276. See 17 U.S.C. § 114(d)–(j) (defining a compulsory licensing scheme for the digital performance right); *supra* Part I.A.2.b (describing the compulsory licensing scheme); cf. Kurlantzick, *supra* note 30, at 238 n.111 (noting that “a court is not able to elaborate a compulsory licensing system”).

277. *Capital Cities Cable*, 467 U.S. at 710–11.

278. See *id.* at 716.

279. 412 U.S. 546 (1973).

280. See *id.* at 571.

281. See *id.* at 548–49.

282. Recall that *Goldstein* was decided in 1973, before the 1976 Copyright Act federalized essentially all copyright law and expressly preempted state copyright law. See *supra* Part I.A.1; cf. *Rodrigue v. Rodrigue*, 218 F.3d 432, 440 (5th Cir. 2000) (“The § 301 preemption provision of the Copyright Act was intended to accomplish a ‘fundamental and significant change’ in the existing state of the law, under which published works were governed by federal copyright law and unpublished works

observing that “[a]lthough the Copyright Clause thus recognizes the potential benefits of a national system, it does not indicate that all writings are of national interest or that state legislation is, in all cases, unnecessary or precluded.”²⁸³ It went on to state that:

Since the subject matter to which the Copyright Clause is addressed may thus be of purely local importance and not worthy of national attention or protection, we cannot discern such an unyielding national interest as to require an inference that state power to grant copyrights has been relinquished to *exclusive* federal control.²⁸⁴

Having thus rejected field preemption, the Court then turned to conflict preemption, framing the issue as “whether, in actual operation, the exercise of the power to grant copyrights by some States will prejudice the interests of other States.”²⁸⁵ The Court concluded that the main problems would be for states like California that did protect sound recordings, whose laws could be easily circumvented by travel to another state that did not protect them (at the time, this was the situation in most states).²⁸⁶ Because the law placed no burden on the non-protecting states, it did not create “prejudicial conflicts” or “a need for uniformity such as that which may apply to the regulation of interstate shipments.”²⁸⁷ Absent such issues, the Court held, the California statute was not preempted.²⁸⁸

The LSRPA presents a poor fit with the criteria adopted by the Court. First, while protecting works of “local interest” may be accomplished when the only activities prohibited are copying and distribution,²⁸⁹ the same is not true when the activities prohibited involve transmissions that are national in scope. Limiting the LSRPA protections to works of “local interest” to Tennesseans is simply impossible when the targeted technologies are webcasts and satellite radio.²⁹⁰ Thus, the LSRPA *does* create “prejudicial conflicts” with other states, and therefore generates a “need for uniformity.”²⁹¹ Indeed, transmissions of pre-1972 sound recordings are more comparable to the “interstate shipments” that the Court suggested

were governed by the common law of copyright.”).

283. *Goldstein*, 412 U.S. at 556–57.

284. *Id.* at 558.

285. *Id.*

286. *See id.*

287. *Id.* at 559.

288. *See id.* at 560.

289. *Id.* at 557–60; *accord id.* at 576 (Marshall, J., dissenting).

290. *See id.* at 557–60.

291. *See id.* at 559.

needed uniform regulation than they are to copies of sound recordings of “local interest.”²⁹² In these situations, the federal interest is much stronger than it was in *Goldstein*, and thus preemption is the correct outcome.

Furthermore, the *Goldstein* Court focused its attention almost entirely on the owners of the sound recordings, while essentially ignoring the interests of the copiers and of the public.²⁹³ Again, that may not have been a problem when the issue was piracy, involving copying and distribution, but it is a problem when the issue is transmissions. A webcast or SiriusXM broadcast of a pre-1972 sound recording may be non-infringing where made and also in most places where it is received, but it will be infringing in Tennessee. Tennessee’s statute would thus “prejudice the interests of other States,” in a way that the California provisions in *Goldstein* did not,²⁹⁴ and so it should be preempted for conflicting with the national uniformity of the copyright system.

In addition, the Court supported its holding in *Goldstein* by contending that “each State’s copyrights will still serve to induce new artistic creations within that State—the very objective of the grant of protection.”²⁹⁵ That may have been true when California passed its law, at a time when sound recordings received no other form of protection. Today, however, new sound recordings are protected under federal law, which provides sufficient incentive for their production.²⁹⁶ By its terms, the LSRPA protects only pre-1972 sound recordings—works that are already in existence, and thus need no further incentives.²⁹⁷ Thus, this same rationale cannot be used to support the LSRPA.

292. *See id.*

293. In that sense, *Goldstein* is also inconsistent with the Supreme Court’s jurisprudence in the other intellectual property preemption cases. *Compare* *Goldstein*, 412 U.S. 546, *with* *Sears, Roebuck & Co. v. Stiffel*, 376 U.S. 225 (1964) (finding state unfair competition law preempted by patent law); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964) (same); *and* *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989) (finding Florida’s boat hull protection legislation preempted by patent law). These cases are discussed *supra* Part I.B.2.

294. *See Goldstein*, 412 U.S. at 558.

295. *Id.* at 558–59. The Court later added that “The California statutory scheme evidences a legislative policy to prohibit ‘tape piracy’ and ‘record piracy,’ conduct that may adversely affect the continued production of new recordings, a large industry in California.” *Id.* at 571.

296. *See* 17 U.S.C. § 102(7) (2012) (including “sound recordings” in the list of copyright subject matter).

297. *Cf. Kurlantzick, supra* note 30, at 245 (“I would insist that in exercising that power [to protect sound recordings from piracy], whether judicially or legislatively, the state must make an informed finding that there is a real need for

These arguments also highlight the significance of another statement the Court made in *Goldstein*:

To interpret accurately Congress' intended purpose in passing the 1909 Act and the meaning of the House Report petitioners cite, we must remember that our modern technology differs greatly from that which existed in 1909. The Act and the report should not be read as if they were written today, for to do so would inevitably distort their intended meaning; rather, we must read them against the background of 1909, in which they were written.²⁹⁸

Technology has changed even more dramatically between the time of the 1976 Act and today than it did between the 1909 Act and *Goldstein* in 1973. In 1976, Congress was willing to preserve state law protection for pre-1972 sound recordings in § 301I,²⁹⁹ which at the time meant provisions like California's that prevented localized copying and distribution. It could not have foreseen the types of digital performance uses reached by the LSRPA, and so that provision should not stand in the way of finding that the conflicting provisions are preempted.

2. Dormant Commerce Clause Preemption

The LSRPA might also be preempted under the Dormant Commerce Clause. Digital broadcasters such as SiriusXM and webcasters send their signal from one location to a nationwide audience. They are thereby engaging in interstate commerce, and therefore their actions implicate the Dormant Commerce Clause. This Dormant Commerce Clause analysis builds on the previous analysis and addresses the same issues through a different lens. Again, the issue is that Tennessee's imposition of rules on transmission of pre-1972 sound recordings exerts a strong limiting effect on entities outside the state, affecting interstate commerce.³⁰⁰

As a preliminary note, courts have used the Dormant Commerce Clause analysis to preempt state laws in cases that might also be analyzed for preemption under the Copyright Act. In *Estate of*

protection in order to provide sufficient incentives to composers, artists, or record producers.”).

298. *Goldstein*, 412 U.S. at 564.

299. See 17 U.S.C. § 301(c) (2012).

300. Cf. Kurlantzick, *supra* note 30, at 222 (suggesting “if particular state laws prove to unduly fractionize the national market or to discriminate in favor of local industries, judges may apply the commerce clause to invalidate such exercises of state power”).

Graham v. Sotheby's Inc.,³⁰¹ the district court was assessing the validity of the California Resale Royalties Act ("CRRRA"), which required that an artist receive five percent of the proceeds when his or her work of fine art was resold and either the seller resided in California or the sale occurred in California.³⁰² The defendants in the suit were seller's agents, the entities statutorily liable for paying the royalty.³⁰³ They argued that the CRRRA was invalid on three grounds: (1) it violated the Dormant Commerce Clause; (2) it constituted a taking under the federal and California constitutions; and (3) it was preempted by the Copyright Act.³⁰⁴ The court analyzed the provision solely under the Dormant Commerce Clause,³⁰⁵ finding the CRRRA invalid because it could, in some circumstances, control commerce that took place entirely outside California.³⁰⁶

a. Discriminatory Laws

The easiest case for Dormant Commerce Clause invalidation is one in which the state law discriminates against either out-of-state actors or interstate commerce itself. Such discriminatory laws are essentially *per se* invalid.³⁰⁷ The LSRPA is not facially discriminatory; by its terms, it applies to all owners of pre-1972 sound recordings and all users of pre-1972 sound recordings, not just Tennessee owners or users.³⁰⁸ However, even if it not facially discriminatory, it may still be invalid if it nevertheless has a discriminatory effect. An argument can be constructed that, although it is facially neutral, the main entities it is designed to reach—especially SiriusXM and big music webcasters like Pandora

301. 860 F. Supp. 2d 1117 (C.D. Cal. 2012).

302. *Id.* at 1120 (citing CAL. CIV. CODE § 986(a)).

303. *See id.* at 1121 (citing CAL. CIV. CODE § 986(a)(1)).

304. *See id.* at 1119.

305. The court relied on the Dormant Commerce Clause in large part because the Ninth Circuit had already refused to invalidate the provision under the Copyright Clause, the Contracts Clause, and the Due Process Clause. *See id.* at 1122 (citing *Morseburg v. Balyon*, 621 F.2d 972, 974–75 (9th Cir. 1980)). The court also noted that it had itself previously rejected a Copyright Act preemption claim against the CRRRA in another case. *See id.* at 1122 n.4 (citing *Baby Moose Drawings, Inc. v. Valentine*, No. 11–00697, 2011 WL 1258529 (C.D. Cal. Apr. 1, 2011)).

306. *See id.* at 1125; *see also* *Storer Cable Commc'ns v. City of Montgomery, Ala.*, 806 F. Supp. 1518 (M.D. Ala. 1992) (considering preemption under both the Copyright Act and the Dormant Commerce Clause but finding it only under the Copyright Act).

307. *See* discussion *supra* notes 167–170 and accompanying text.

308. *See* LSRPA, *supra* note 5, § 1 (containing no language limiting its provisions to Tennessee entities).

and Spotify—are located outside Tennessee.³⁰⁹ At the same time, Tennessee is a leading state in music production, and Tennessee residents produced a very large number of pre-1972 sound recordings; the benefits of the statute will thus run disproportionately to Tennesseans.³¹⁰ Taken together, these considerations suggest that the LSRPA operates in favor of Tennessee citizens at the expense of non-Tennessee citizens and should therefore be invalidated as discriminatory. However, this contention is somewhat tenuous, and it is unlikely to prevail of its own force, suggesting the need for further analysis.

b. Pike Balancing

The next consideration is whether the LSRPA places an undue burden on interstate commerce under the *Pike* balancing test.³¹¹ The *Pike* Court stated the test as

Where the statute regulates even-handedly to effectuate a legitimate local public interest, and its effects on interstate commerce are only incidental, it will be upheld unless the burden imposed on such commerce is clearly excessive in relation to the putative local benefits.³¹²

The *Pike* balancing test tends to be quite deferential to state laws, and most of them survive the scrutiny. However, certain types of cases do occasionally fail such scrutiny, two of which are implicated here.

A threshold issue under the *Pike* balancing test is whether the statute “effectuate[s] a legitimate local public interest.”³¹³ That requirement creates a potential problem for the LSRPA. As discussed in Part III.A.1.b.ii, *supra*, the Court has repeatedly observed, as it did in upholding the state’s anti-piracy law in

309. See *Sirius XM Holdings*, WIKIPEDIA.ORG, http://en.wikipedia.org/wiki/Sirius_XM_Holdings (last visited Nov. 11, 2014) (listing SiriusXM’s United States headquarters in New York); Spotify, “About Us,” <https://www.spotify.com/us/about-us/contact/> (last visited Nov. 11, 2014) (listing Spotify’s United States office in New York); Pandora, “Contact,” <http://www.pandora.com/contact> (last visited Nov. 11, 2014) (listing Pandora’s main office in California, and identifying sales offices around the country but not in Tennessee).

310. See Tennessee Film, Entertainment & Music Commission, <http://www.tnenentertainment.com/music-entertainment/> (last visited Sept. 19, 2014).

311. See *Pike v. Bruce Church, Inc.*, 397 U.S. 137 (1970).

312. *Id.* at 142 (citing *Huron Portland Cement Co. v. Detroit*, 362 U.S. 440, 443 (1960)).

313. *Id.*

Goldstein v. California, that “each State’s copyrights will still serve to induce new artistic creations within that State—the very objective of the grant of protection.”³¹⁴ However, the LSRPA protects only existing pre-1972 sound recordings, and so it cannot “serve to induce new artistic creations”³¹⁵—creating new pre-1972 sound recordings is an impossibility. From the perspective of copyright law, then, the statute has no legitimate purpose. The LSRPA will create a reward for the owners of pre-1972 sound recordings, which benefits them but, absent the traditional incentive rationale behind copyright law, does not benefit the public. Not only will the public fail to gain any new works, it will be burdened with providing the reward to the owners of the old works. Supporters of the statute might argue that it simply puts owners of pre-1972 sound recordings on par with owners of post-1972 sound recordings.³¹⁶ However, there is a crucial difference between the two: Protection of post-1972 sound recordings *does* give artists an incentive to produce new works. Absent such incentive effects, the LSRPA lacks a legitimate public purpose, and absent a legitimate public purpose, the LSRPA will fail Dormant Commerce Clause scrutiny.

Even assuming a court found the state’s interest legitimate, the same problem will reappear in the balancing, because the “local benefit” occupies one side of the *Pike* balance.³¹⁷ Given the virtually non-existent public benefit of the LSRPA, it will not offset the heavy burden on interstate commerce. That burden is the same one described in Part II.B, *supra*, and used to support the Copyright Act preemption analysis: No other states provide a digital performance right for pre-1972 sound recordings, and thus non-Tennessee broadcasters operating legally in their home states will nevertheless be subjected to liability in Tennessee when their national transmissions reach Tennesseans. This is true even though they have no way of controlling, or even knowing, whether the broadcast is being received in Tennessee. They will have to adjust their behavior to account for the imposition of a new liability in Tennessee. This situation implicates two strands of Dormant Commerce Clause analysis that the Court has used in striking down state laws, each of which will be discussed in turn.

314. *Goldstein v. California*, 412 U.S. 546, 558–59 (1973).

315. *Id.*

316. See Project-72, *Fact Sheet*, <http://www.project-72.org/documents/Project-72-1-Pager-602.pdf> (last visited Nov. 11, 2014) (noting disparity of treatment between performers of pre-1972 sound recordings and post-1972 sound recordings, and casting it as a matter of fairness); cf. Gervin, *supra* note 6, at 10–11 (identifying supporters of bill as noting this same disparity); Rau, *supra* note 4 (same).

317. See *Pike*, 397 U.S. at 142.

i. Instrumentalities of Interstate Commerce

The first strand involves instrumentalities of interstate commerce. In *Southern Pacific v. Arizona*,³¹⁸ for example, the Court struck down an Arizona law that limited trains to a particular length. Because the surrounding states had no length limits, train operators routinely ran longer trains elsewhere and then had to stop at the Arizona border to reconfigure the trains. The shorter trains were also more expensive to run. Furthermore, the increase in the number of trains more than offset any reduction in accidents from having shorter trains, so the benefit to the state was negligible. The Court concluded that the interference with interstate commerce was too great and struck the statutes. The Court also cited the need for national uniformity, as expressed in the Interstate Commerce Act, to support its conclusion. Similarly, in *Bibb v. Navajo Freight Lines, Inc.*,³¹⁹ the Court invalidated an Illinois law mandating curved mudguards on trucks, while in other states straight mudguards were legal (and in one state, Arkansas, even mandatory). Similar to *Southern Pacific*, the Court concluded that this requirement substantially interfered with interstate commerce, as the same trucks could not operate in Illinois and elsewhere, and that any safety effect was negligible.³²⁰

The same considerations that apply to trains and trucks also apply to a broadcast signal.³²¹ Indeed, they likely apply with more

318. 325 U.S. 761 (1945).

319. 359 U.S. 520 (1959).

320. See *id.* at 529–30. To similar effect, but dealing with truck sizes, are *Kassel v. Consol. Freightways Corp. of Del.*, 450 U.S. 662 (1981), and *Raymond Motor Transp., Inc. v. Rice*, 434 U.S. 429 (1978). See generally DENNING, BITTKER, *supra* note 165, § 6.08[B] (discussing the transportation cases and noting “multiple state burdens—indeed, the threat of duplication, even if it had not yet occurred—became abhorrent (but not inexcusably anathema) to the courts. Multiplicity itself, it should be noted, is the vice, even if the regulation is imposed even-handedly on intrastate and interstate commerce alike.”); Goldsmith & Sykes, *supra* note 186, at 807 (discussing the transportation cases in the context of the Internet).

321. Cf. *Wendt v. Host Int’l, Inc.*, 197 F.3d 1284, 1288 (1999) (Kozinski, J., dissenting from order denying rehearing *en banc*) (citations omitted) (“Just as a state law regulating the length of trucks is invalid under the dormant Commerce Clause if it poses an undue burden on interstate commerce, so California’s right of publicity law is invalid if it substantially interferes with federal copyright law, even absent preemptive legislation.”); *American Libraries Ass’n v. Pataki*, 969 F. Supp. 160, 173, 182 (S.D.N.Y. 1997) (analogizing the Internet to trains and trucks); Donald H. Regan, *The Supreme Court and State Protectionism: Making Sense of the Dormant Commerce Clause*, 84 MICH. L. REV. 1091, 1184 (1986) (including “instrumentalities of communication” in his analysis of the transportation field under the Dormant

force because while avoiding a state is at least possible with a truck or train, avoiding a state by redirecting a satellite signal or webcast is not—once initiated, the signals go where they will, beyond the control of the broadcaster.³²² Furthermore, while a train or truck may be reconfigured at a state border, a broadcast signal cannot. Finally, transportation safety has long been the province of the states, and the Court had to overcome its traditional reluctance to interfere with a state's safety regulation. No such reluctance should restrain a court in the field of copyright law, which has long been the province of the federal government. And just as the policy of national uniformity expressed in the Interstate Commerce Act supported the conclusion in *Southern Pacific*, the policy of national uniformity expressed in the Copyright Act supports invalidation of the LSRPA.

The problem is exacerbated by the lack of any compulsory licensing provisions in the LSRPA. Any digital broadcaster desiring to avoid the risk of liability would have to figure out who owned the rights to each pre-1972 sound recording it wanted to play (and recall that the LSRPA as it currently stands does not even define who is the owner), track down that owner, and negotiate an individual license with every single one of those owners for every single one of those tracks. And this enormous burden would be imposed for the sole reason of complying with Tennessee law, because no other state imposes a similar burden. For large broadcasters like SiriusXM and Pandora, or even a radio station simulcasting its signal via the Internet, the task would be insurmountable.

ii. Extraterritoriality

The other relevant strand of Dormant Commerce Clause analysis is extraterritoriality. Essentially, extraterritoriality is the idea that one state cannot impose its law on another state.³²³ The Court no

Commerce Clause). Regan's analysis is explored in more detail *infra* notes 350–352 and accompanying text.

322. *Cf. Pataki*, 969 F. Supp. at 183 (observing that “the Internet user is in a worse position than the truck driver or train engineer who can steer around Illinois or Arizona, or change the mudguard or train configuration at the state line; the Internet user has no ability to bypass any particular state”).

323. The extraterritoriality doctrine and its source have been the subject of considerable debate in the legal literature. The Court did not originally link the extraterritoriality doctrine explicitly to the Dormant Commerce Clause but eventually moved it there. The Court originally expressed the doctrine in very strong terms, then stepped back from that characterization. Brannon Denning has traced its history, declaring it now effectively deceased in most contexts. *See* Brannon P. Denning, *Extraterritoriality and the Dormant Commerce Clause: A Doctrinal Post-*

longer enforces this doctrine in its strong form, but it maintains some force in a weaker form, particularly where a state is attempting to apply its law to conduct occurring in another state.³²⁴ It also sometimes appears in Internet cases.³²⁵ The DSRPA implicates both of these situations.

American Beverage Ass'n v. Snyder,³²⁶ a case from the Sixth Circuit, which has jurisdiction over Tennessee, provides a good illustration of the general extraterritoriality principle. As part of its bottle-recycling program, Michigan required purchasers of bottled beverages to pay a deposit on each bottle, which would be refunded if the purchaser returned the bottle.³²⁷ However, the state became concerned that bottles purchased outside Michigan, on which no deposit had been paid, were being redeemed in Michigan.³²⁸ To combat this problem, Michigan passed a law requiring that all bottles sold in Michigan had to bear a unique mark, and that bottles bearing that mark not be sold outside Michigan.³²⁹ Bottlers brought suit against enforcement, claiming that the law interfered with interstate commerce.³³⁰

The Sixth Circuit concluded that the statute was not discriminatory, either on its face or in its operation.³³¹ It nevertheless invalidated the law because of its extraterritorial effect. It summarized the analysis as follows:

Mortem, 73 LA. L. REV. 979 (2013); see also DENNING, BITTKER, *supra* note 165, § 6.08[E] (entitled *Extraterritorial Regulation of Interstate Commerce: A Sterile Branch of the Dormant Commerce Clause Doctrine?*). Donald Regan has argued for its vital importance but divorced from the Dormant Commerce Clause, finding its roots instead in the basic structure of the Constitution. See Donald H. Regan, *Siamese Essays: (I) CTS Corp. v. Dynamics Corp. of America and Dormant Commerce Clause Doctrine; (II) Extraterritorial State Legislation*, 85 MICH. L. REV. 1865 (1987) (also expressing doubt that “balancing” plays, or should play, any role in the analysis). Conversely, Jack Goldsmith and Alan Sykes argue that extraterritoriality plays no role except as an ordinary application of *Pike* balancing. See Goldsmith & Sykes, *supra* note 186, at 803–08. Professor Denning apparently agrees. *Denning, supra*, at 1006 (“[N]ondiscriminatory, but burdensome and perhaps conflicting, laws should be evaluated under *Pike* balancing, with the evidence of conflicting regulatory regimes used to prove that a law or laws are burdensome.” (also citing Goldsmith & Sykes with approval)).

324. See DENNING, BITTKER, *supra* note 165, § 6.08[E].

325. See *id.*

326. 735 F.3d 362 (6th Cir. 2013).

327. *Id.* at 366–67.

328. *Id.* at 367.

329. *Id.*

330. *Id.* at 368.

331. *Id.* at 369–73.

[T]he Supreme Court recognizes “a second category of regulation that is also virtually *per se* invalid under the dormant Commerce Clause”—whether the law regulates extraterritorial commerce. *Int’l Dairy*, 622 F.3d at 645. A statute is extraterritorial if it “directly controls commerce occurring wholly outside the boundaries of a State [and] exceeds the inherent limits of the enacting State’s authority.” *Healy v. Beer Inst. Inc.*, 491 U.S. 324 (1989). The relevant inquiry is whether the “practical effect of the regulation is to control conduct beyond the boundaries of the State.” *Id.* at 336 (citing *Brown-Forman*, 476 U.S. at 579). To determine a statute’s “practical effect,” the court not only considers the consequences of the statute itself, but also “how the challenged statute may interact with the legitimate regulatory regimes of other States and what effect would arise if not one, but many or every, State adopted similar legislation.” *Id.*³³²

Applying this analysis, the court concluded “the Michigan statute is extraterritorial in violation of the dormant Commerce Clause because it impermissibly regulates interstate commerce by controlling conduct beyond the State of Michigan.”³³³

Courts have applied the same basic analysis in Internet regulation cases, many of which have invalidated the state legislation at issue.³³⁴ Two related lines of reasoning generally support the courts’ analyses. The first is that the state legislation at issue has serious extraterritorial effects, acting on behavior that occurs in other states.³³⁵ The second is that the nature of the

332. *Id.* at 373.

333. *Id.* at 376.

334. One of the lead cases in the area is *American Libraries Ass’n v. Pataki*, 969 F. Supp. 160 (S.D.N.Y. 1997). *Pataki* is discussed in more detail *supra* notes 177–184 and accompanying text.

335. *See, e.g., id.* at 177 (“The nature of the Internet makes it impossible to restrict the effects of the New York Act to conduct occurring within New York.”); *ACLU v. Johnson*, 194 F.3d 1149, 1161 (10th Cir. 1999) (“[T]he nature of the Internet forecloses the argument that a statute such as [the one at issue in the case regulating conduct on the Internet] applies only to intrastate communications. . . . We therefore agree with the district court that [the statute] represents an attempt to regulate interstate conduct occurring outside New Mexico’s borders, and is accordingly a *per se* violation of the Commerce Clause.”); *PSINet, Inc. v. Chapman*, 362 F.3d 227, 240 (4th Cir. 2004) (“Given the broad reach of the Internet, it is difficult to see how a blanket regulation of Internet material, such as [the Virginia provision at issue in the case], can be construed to have only a local effect.”); *Am. Booksellers Found. v. Dean*, 342 F.3d 96, 103 (3d Cir. 2003) (“Because the internet does not recognize geographic boundaries, it is difficult, if not impossible, for a state

Internet is such that it needs coherent regulation at the national level, rather than piecemeal (and potentially conflicting) regulation at the state level.³³⁶

One case, *Backpage.com v. Cooper*,³³⁷ is particularly relevant because it was decided recently by the Middle District of Tennessee, the same court that would likely hear a challenge to the LSRPA. Backpage.com is an online classified advertising service that allows users to post advertisements in a variety of categories, some of which relate to “adult services.”³³⁸ It challenged a Tennessee statute that criminalized certain sex-related advertisements, alleging a variety of constitutional grounds, including the Dormant Commerce Clause.³³⁹ Its argument was that the statute was void because it criminalized conduct that occurred outside Tennessee.³⁴⁰ The court agreed, finding the statute invalid both *per se*, because it had extraterritorial effects,³⁴¹ and under the *Pike* balancing test, because it imposed an excessive burden on interstate commerce,³⁴² in large measure because nothing in the statute limited it to conduct that occurred in Tennessee.³⁴³ The LSRPA, as presently constituted,

to regulate internet activities without projecting its legislation into other States.” (internal quotation marks omitted)); *Knoll Pharm. Co. v. Sherman*, 57 F. Supp. 2d 615, 623 (N.D. Ill. 1999) (“In practical effect, the State of Illinois seeks to impose its own policy against advertising [including website advertising] prescription drugs classified as controlled substances on other states. This burden on interstate commerce is excessive in relation to the speculative benefits for Illinois citizens.”).

336. See, e.g., *Pataki*, 969 F. Supp. at 182 (“The Internet, like the rail and highway traffic at issue in the cited [Supreme Court] cases, requires a cohesive national scheme of regulation so that users are reasonably able to determine their obligations.”); *Johnson*, 194 F.3d at 1162 (“As we observed, *supra*, certain types of commerce have been recognized as requiring national regulation. . . . The Internet is surely such a medium.”); *Am. Booksellers Found.*, 342 F.3d at 104 (“We think it likely that the internet will soon be seen as falling within the class of subjects that are protected from State regulation because they imperatively demand a single uniform rule.” (internal quotation marks omitted)); cf. *CTS Corp. v. Dynamics Corp. of Am.*, 481 U.S. 69, 88–89 (1987) (“[T]he Commerce Clause prohibits States from regulating subjects that ‘are in their nature national, or admit only of one uniform system, or plan of regulation’” (quoting *Cooley v. Bd. of Wardens*, 53 U.S. (12 How.) 299, 319 (1851))).

337. 939 F. Supp. 2d 805 (M.D. Tenn. 2013).

338. See *id.* at 813.

339. See *id.*

340. See *id.* at 840–41.

341. See *id.* at 841–44.

342. See *id.* at 844–45.

343. See *id.* at 841–44. The court specifically declined to read a geographic limitation into the statute, as argued by the state. See *id.* at 842–43.

suffers from exactly the same problem, and it is thus likely to meet exactly the same fate.

In contrast to these cases finding state-law Internet regulations invalid under the Dormant Commerce Clause, the Ninth Circuit recently reached the opposite conclusion in *Greater Los Angeles Agency on Deafness v. Cable News Network*,³⁴⁴ an Internet case that involved a challenge under California's antidiscrimination provisions. News clips that CNN posted to its website were not close-captioned, and the plaintiff GLAAD sued, claiming this practice discriminated against hearing-impaired Californians.³⁴⁵ CNN tried to get the suit dismissed by claiming, *inter alia*, that the suit was preempted by the Dormant Commerce Clause because requiring CNN to close-caption would burden interstate commerce.³⁴⁶ The court disagreed, concluding that CNN could caption just for California customers, or set up an alternative website for them, without affecting interstate commerce.³⁴⁷ However, the problem in *GLAAD* was very different from the one facing the LSRPA. The plaintiffs there simply wanted the captioning to be available to Californians, and setting up a special website would accomplish that goal.³⁴⁸ Assuming CNN did set up a "California-only" website, the plaintiffs did not then care whether Californians used it or the regular CNN site, or whether non-Californians used the California site, so state-based regulation of web traffic was unnecessary.³⁴⁹ In contrast, under the LSRPA, a webcaster could set up a "Tennessee-only" website for Tennessee listeners and then pay the royalties for those listeners, but that by itself would not address the problem—Tennessee listeners using the national website (which they would of course prefer because it would be cheaper) would subject the webcaster to potential liability in Tennessee, while non-Tennesseans using the Tennessee website would pay royalties unnecessarily. Absent some sure way to steer users to one site or another based solely on geography, the solution proposed in *GLAAD* would not save the LSRPA.

Professor Donald Regan presents another perspective on the problem that yields the same conclusion.³⁵⁰ In the course of an article arguing that the Supreme Court does not actually balance in movement-of-goods cases under the Dormant Commerce Clause but

344. 742 F.3d 414, 432–33 (9th Cir. 2014).

345. *See id.* at 420–21.

346. *See id.* at 432.

347. *See id.* at 432–33.

348. *See id.* at 420, 432–33.

349. *See id.*

350. Regan, *supra* note 321.

rather only strikes down discriminatory laws, Regan digresses to note a special, rare set of cases in which the Court will make an exception and strike down non-discriminatory state laws, the transportation cases:

Assuming the Court is going beyond suppressing protectionism in the transportation area, there is a simple and straightforward justification: In these cases, unlike the movement-of-goods cases, there is a genuine national interest (of constitutional status) to put into the balance. Specifically, there is a national interest in the existence of an effective transportation network linking the states. Of course, the Constitution does not say that explicitly. My suggestion is that the existence of an effective transportation network is essential to genuine political union just as the suppression of protectionism is essential to genuine political union (and as economic efficiency, unlimited access to potential markets, and the actual movement of goods are not).

Let me indicate two sorts of reason for the special importance of an effective transportation network. First, from the point of view of the nation as a whole, an effective transportation system (in which I include the instrumentalities of communication) is essential to the creation and maintenance of a genuine national culture. Only if we protect the infrastructure which provides opportunities for material and intellectual exchange can we be a nation. For all our greater territorial expanse and population, we are a more unified nation now than we were in 1787; and two centuries of shared historical experience are only part of the explanation. The steamboat, the railroad, the airplane, and the television have been equally important. Second, from the point of view of the individual states, an aspect of political union is that two states should be free from barriers to their mutually desired interactions erected by a third state—barriers of the sort which could result if states were free to regulate transportation across their territories as they pleased.³⁵¹

351. *Id.* at 1184; *accord* *Midwest Title Loans, Inc. v. Mills*, 593 F.3d 660, 668–69 (7th Cir. 2010) (Posner, C.J.) (striking part of Indiana’s consumer credit law because it applied to loans made to Indiana citizens in other states by corporations located in those states, and thus the law operated extraterritorially to “interfere[] . . . with a commercial activity that occurred in another state”); *Estate of Graham v. Sotheby’s Inc.*, 860 F. Supp. 2d 1117, 1124 (C.D. Cal. 2012) (invalidating the California Resale Royalty Act because it operated extraterritorially, applying to transactions that took place entirely outside California).

Notably, Regan includes “the instrumentalities of communication” in his analysis.³⁵² Under his reasoning, the LSRPA should fail the Dormant Commerce Clause analysis, even though it is non-discriminatory. The last sentence is particularly apt—the possibility of liability in Tennessee is quite likely to interfere with otherwise legal digital transmissions between states outside Tennessee.

Balancing under *Pike* is often challenging because of the difficulty of comparing two unlike quantities. In the case of the LSRPA, however, the balancing is easy: The burden on interstate commerce is enormous. The benefit to Tennessee is negligible. The balance favors invalidation under the Dormant Commerce Clause.

c. Congressional Authorization

Finally, Congress has not authorized the states to violate the Dormant Commerce Clause for pre-1972 sound recordings. The Supreme Court construes Congressional endorsements of Dormant Commerce Clause violations very narrowly, and requires a high degree of specificity.³⁵³ The classic example of a statute that grants states such authority is the McCarran-Ferguson Act,³⁵⁴ which relates to state regulation of insurance. The relevant provisions read as follows:

Sec. 1. The Congress hereby declares that the continued regulation and taxation by the several States of the business of insurance is in the public interest, and that silence on the part of the Congress shall not be construed to impose any barrier to the regulation or taxation of such business by the several States.

Sec. 2. (a) The business of insurance, and every person engaged therein, shall be subject to the laws of the several States which relate to the regulation or taxation of such business.

(b) No Act of Congress shall be construed to invalidate, impair, or supersede any law enacted by any State for the purpose of regulating the business of insurance, or which

352. Regan, *supra* note 321, at 1184.

353. See generally DENNING, BITTKER, *supra* note 165, § 9.06 and cases cited therein.

354. 59 Stat. 34 (1945) (codified as amended at 15 U.S.C. § 1011).

imposes a fee or tax upon such business, unless such Act specifically relates to the business of insurance.³⁵⁵

In *Prudential Insurance Co. v. Benjamin*,³⁵⁶ the Court upheld that constitutionality of this provision. With respect to the Dormant Commerce Clause, the Court observed:

Obviously Congress' purpose was broadly to give support to the existing and future state systems for regulating and taxing the business of insurance . . . by removing obstructions which might be thought to flow from its own power, whether dormant or exercised, except as otherwise expressly provided in the Act itself or in future legislation.³⁵⁷

The Court concluded that the language used was thus sufficiently specific to overcome any Dormant Commerce Clause objections to a South Carolina statute that applied a three percent tax on insurance premiums on South Carolina transactions performed by out-of-state insurance companies but not such transactions performed by South Carolina companies.³⁵⁸

Similarly, in *Hillside Dairy, Inc. v. Lyons*,³⁵⁹ the Supreme Court considered a Dormant Commerce Clause challenge to some California statutes regulating milk production. Congress has specifically authorized California to enact a provision that used more stringent definitions for its labeling requirements:

Nothing in this Act or any other provision of law shall be construed to preempt, prohibit, or otherwise limit the authority of the State of California, directly or indirectly, to establish or continue to effect any law, regulation, or requirement regarding [labeling requirements for "fluid milk products sold at retail or marketed in the State of California"].³⁶⁰

The Court observed that

Congress certainly has the power to authorize state regulations that burden or discriminate against interstate

355. *Id.*

356. 328 U.S. 408 (1946).

357. *Id.* at 429–30.

358. *See id.* at 433.

359. 539 U.S. 59 (2003).

360. Fed. Agric. Improvement & Reform Act of 1996 § 144 (codified at 7 U.S.C. § 7254).

commerce, but we will not assume that it has done so unless such an intent is clearly expressed. . . . [Section] 144 unambiguously expresses such an intent with respect to California's compositional and labeling laws.³⁶¹

However, *Hillside Dairy* actually reinforces the specificity with which the Court requires Congress to authorize states to violate the Dormant Commerce Clause. After finding that § 144 expressed Congressional authorization of California's *labeling* laws, it went on to hold that this authorization did not extend to California's *pooling* and *pricing* laws that paralleled the labeling laws: "Because § 144 does not clearly express an intent to insulate California's pricing and pooling laws from a Commerce Clause challenge, the Court of Appeals erred in relying on § 144 to dismiss the challenge."³⁶²

Similarly, in *Lewis v. BT Investment Managers, Inc.*,³⁶³ the Court addressed the application of the Dormant Commerce Clause to banking laws. The Court was interpreting the Bank Holding Company Act of 1956,³⁶⁴ which at the time read "[t]he enactment by the Congress of the Bank Holding Company Act of 1956 shall not be construed as preventing any State from exercising such powers and jurisdiction which it now has or may hereafter have with respect to banks, bank holding companies, and subsidiaries thereof."³⁶⁵ A Florida statute prohibited certain out-of-state entities from owning businesses in Florida that conducted investment advisory and trust services.³⁶⁶ Florida attempted to defend its law against attack under the Dormant Commerce Clause by claiming that Congress authorized it to discriminate against out-of-state entities by enacting § 7.³⁶⁷ The Court disagreed, concluding that the language of § 7 was insufficient to authorize the violation of the Dormant Commerce Clause:

[Section] 7 of the Act does reserve to the States a general power to enact regulations applicable to bank holding companies. This section was intended to preserve existing state regulations of bank holding companies, even if they were more restrictive than federal law. But we find nothing in its language or legislative history to support the

361. *Hillside Dairy*, 539 U.S. at 66 (citations omitted).

362. *Id.*

363. 447 U.S. 27 (1980).

364. 70 Stat. 133, 138 (1956) (codified as amended at 12 U.S.C. § 1846 (1976 ed. and Supp. II)).

365. *Id.*

366. *See* 447 U.S. at 31.

367. *See id.* at 44–45.

contention that it also was intended to extend to the States new powers to regulate banking that they would not have possessed absent the federal legislation. Rather, it appears that Congress' concern was to define the extent of the federal legislation's pre-emptive effect on state law. . . . We therefore conclude that § 7 applies only to state legislation that operates within the boundaries marked by the Commerce Clause.³⁶⁸

The Court later made the point even more forcefully in *Sporhase v. Nebraska*.³⁶⁹ The issue in this case was Nebraska's statute that required state approval to transport water from a well in Nebraska for use in another state.³⁷⁰ Nebraska attempted to enforce the statute against Sporhase, who responded by arguing, *inter alia*, that the law was invalid under the Dormant Commerce Clause.³⁷¹ Nebraska responded by claiming Congress authorized it to discriminate in the distribution of its water, "based on 37 statutes in which Congress has deferred to state water law, and on a number of interstate compacts dealing with water that have been approved by Congress."³⁷² The Court focused on § 8 of the Reclamation Act of 1902.³⁷³ The Court observed that § 8

contains two parts. The first provides that "nothing in this Act shall be construed as affecting or intended to affect or to in any way interfere with the laws of any State or Territory relating to the control, appropriation, use, or distribution of water used in irrigation." Such language defines the extent of the federal legislation's pre-emptive effect on state law. The second part provides that "the Secretary of the Interior, in carrying out the provisions of this Act, shall proceed in conformity with such laws." Such language mandates that questions of water rights that arise in relation to a federal project are to be determined in accordance with state law.³⁷⁴

The Court rejected Nebraska's argument and found that the Dormant Commerce Clause was still operative:

368. *Id.* at 48–49 (citation omitted).

369. 458 U.S. 941 (1982)

370. *See id.* at 943.

371. *See id.*

372. *Id.* at 958.

373. *Id.* at 959 (citing § 8 of the Reclamation Act of 1902, 32 Stat. 390). The Court deemed this provision "typical of the other 36 statutes." *Id.*

374. *Id.* (citations omitted).

Although the 37 statutes and the interstate compacts demonstrate Congress' deference to state water law, they do not indicate that Congress wished to remove federal constitutional constraints on such state laws. The negative implications of the Commerce Clause, like the mandates of the Fourteenth Amendment, are ingredients of the *valid* state law to which Congress has deferred. Neither the fact that Congress has chosen not to create a federal water law to govern water rights involved in federal projects, nor the fact that Congress has been willing to let the States settle their differences over water rights through mutual agreement, constitutes persuasive evidence that Congress consented to the unilateral imposition of unreasonable burdens on commerce. In the instances in which we have found such consent, Congress' "intent and policy" to sustain state legislation from attack under the Commerce Clause" was "expressly stated." *New England Power Co. v. New Hampshire*, 455 U.S. [331,] 343 [(1982)] (quoting *Prudential Ins. Co. v. Benjamin*, 328 U.S. 408, 427 (1946)).³⁷⁵

The relevant portion of § 301(c) reads:

With respect to sound recordings fixed before February 15, 1972, any rights or remedies under the common law or statutes of any State shall not be annulled or limited by this title until February 15, 2067.³⁷⁶

On its face, § 301(c) refers only to annulment or limitation "under this title."³⁷⁷ Such language does not endorse interference with interstate commerce but only saves state laws relating to pre-1972 sound recordings from the express preemption that would otherwise apply under § 301(a). This conclusion is reinforced by comparison with the statutes that the Supreme Court has found either sufficient or insufficient to authorize state laws what would otherwise be invalid under the Dormant Commerce Clause. In *Prudential* and *Hillside Dairy*, the Court relied on very specific language that expressed broadly and forcefully an intent that state law not be limited by federal law in any way. In contrast, § 301(c) is couched in much more limited terms that lack the requisite specificity. Its language is much closer to the language the Court found insufficient in *Lewis* and *Sporhase*; indeed, its provisions are

375. *Id.* at 959–60 (footnotes omitted); see also DENNING, BITTKER, *supra* note 165, § 9.06 (discussing *Sporhase*).

376. 17 U.S.C. § 301(c).

377. *Id.* (emphasis added).

significantly narrower than the ones in *Sporhase* and very comparable to those in *Lewis*. By no stretch does the language of § 301(c) meet *Sporhase*'s requirement that "Congress' intent and policy to sustain state legislation from attack under the Commerce Clause [to be] expressly stated."³⁷⁸

Because § 301(c) lacks the requisite specificity, Tennessee cannot rely on it for authorization to pass the LSRPA. Absent such Congressional authorization, the LSRPA would be invalid because it interferes with interstate commerce and therefore violates the Dormant Commerce Clause.

d. Due Process

Recently, the Supreme Court has begun to shift its analysis of cases that implicate extraterritoriality from the Dormant Commerce Clause to the Due Process Clause of the Fourteenth Amendment.³⁷⁹ The first hint of this approach appeared in *BMW of North America v. Gore*.³⁸⁰ In *Gore*, the plaintiff Gore discovered that his brand-new BMW had in fact been repainted by the manufacturer and then sold to him as new. The jury awarded him \$4000 in damages (corresponding to a loss of 10% of the car's value), plus \$4 million in punitive damages (later reduced by the Alabama Supreme Court to \$2 million). The jury arrived at the \$4 million figure by multiplying the \$4000 damage award per car by the approximately 1000 repainted cars BMW had sold in the United States. BMW appealed the punitive damages, arguing that they were "grossly excessive" and thus violated the Due Process Clause of the Fourteenth Amendment. The Court agreed, relying heavily on limits on extraterritoriality, coupled with Congress's plenary power over issues of national importance. Thus, the Court noted "while we do not doubt that Congress has ample authority to enact such a policy [of full disclosure of repairs] for the entire Nation, it is clear that no single State could do so, or even impose its own policy choice on neighboring States."³⁸¹ It added "one State's power to impose burdens on the interstate market for automobiles is not only subordinate to the federal power over interstate commerce, but is also constrained by the need to respect the interests of other

378. *Sporhase*, 458 U.S. at 960 (internal quotation marks omitted).

379. See Denning, *supra* note 323, at 1003–04; see also Alex Ellenberg, *Due Process Limitations on Extraterritorial Tort Legislation*, 92 CORNELL L. REV. 549 (2007). The author thanks Professor Denning for bringing this issue to his attention.

380. 517 U.S. 559 (1996).

381. *Id.* at 571 (footnote omitted).

States.”³⁸² The jury had based its punitive damages award in large part on conduct that occurred in other states (only fourteen of the nearly 1000 repainted vehicles had been sold in Alabama). However, BMW’s conduct was clearly legal in many of those states, and thus could not be reached by Alabama: “We think it follows from these principles of state sovereignty and comity that a State may not impose economic sanctions on violators of its laws with the intent of changing the tortfeasors’ lawful conduct in other States.”³⁸³ The Court concluded that allowing the verdict to stand would mean “Alabama would be [impermissibly] infringing on the policy choices of other states.”³⁸⁴ Hedging its bets, the Court later buttressed its analysis with the Dormant Commerce Clause:

Indeed, its status as an active participant in the national economy implicates the federal interest in preventing individual States from imposing undue burdens on interstate commerce. While each State has ample power to protect its own consumers, none may use the punitive damages deterrent as a means of imposing its regulatory policies on the entire Nation.³⁸⁵

However, the Court subsequently abandoned this view in *State Farm Mutual Automobile Insurance Co. v. Campbell*,³⁸⁶ instead relying solely on the Due Process Clause. As Professor Denning observes,

Despite the tantalizing hints in *BMW v. Gore* that the [Dormant Commerce Clause] extraterritoriality operated to limit a state’s ability to impose punitive damages on defendants for out-of-state conduct, the Court’s next punitive damages case dropped all references to *Healy* and the Commerce Clause, locating the limits in the Due Process Clause of the Fourteenth Amendment. In *State Farm Mutual Automobile Insurance Company v. Campbell* . . . Justice Kennedy declared that “[t]he *Due Process Clause* of the Fourteenth Amendment prohibits the imposition of grossly excessive or arbitrary punishments on a tortfeasor.” While the Court noted that “[a] State cannot punish a defendant for conduct that may have been lawful where it occurred” and that “as a general rule . . . a State [[has no] legitimate

382. *Id.* (citations omitted).

383. *Id.* at 572.

384. *Id.*

385. *Id.* at 585.

386. 538 U.S. 408 (2003).

concern in imposing punitive damages to punish a defendant for unlawful acts committed outside of the State's jurisdiction," [from the footnote: "The Court also appealed to the 'basic principle of federalism . . . that each State may make its own reasoned judgment about what conduct is permitted or proscribed within its borders, and each State alone can determine what measure of punishment, if any, to impose on a defendant who acts within its jurisdiction.'"] the cases cited relied on the Fourteenth Amendment or the Full Faith and Credit Clause, not the Commerce Clause.³⁸⁷

The full scope of this doctrine is not entirely clear, as all the cases in this line to date address punitive damages. However, much of the basic logic behind the decisions—that a state violates the Due Process Clause when it reaches beyond its borders to punish conduct that occurs outside its borders—would seem to apply to a statute like the LSRPA that punishes broadcasters for broadcasts that were legal where they were made.³⁸⁸

B. First Amendment Violation

The final issue regarding the LSRPA is not a preemption issue but rather represents another way in which the LSRPA may conflict with federal law. As presently drafted, the LSRPA might fail First Amendment scrutiny because it lacks any provisions allowing for fair use of the recordings.

The Supreme Court (as well as other courts) has repeatedly addressed the potential collision between copyrights and the First Amendment.³⁸⁹ The First Amendment says "Congress shall make no law . . . abridging the freedom of speech."³⁹⁰ However, wielding the power granted by another constitutional provision, Congress has enacted a copyright law that prevents people from saying certain things that others have previously said. When confronting the issue,

387. Denning, *supra* note 323, at 1003–04 (quoting *State Farm*, 538 U.S. at 416, 421) (footnotes omitted, emphasis Denning's); *see also id.* at 1004 (citing *Phillip Morris, U.S.A. v. Williams*, 549 U.S. 346 (2007), as continuing this line of cases).

388. *Cf. Ellenberg, supra* note 379, at 563 ("The Court's language [in *State Farm*] emphasizes the importance of a state legislature's intent and categorically reduces a legislating state's interest to zero if it has some intent to punish conduct that is lawful in sister states.").

389. *See, e.g., Eldred v. Ashcroft*, 537 U.S. 186 (2003) (addressing argument that copyright term extension violated the First Amendment); *Harper & Row Publishers v. Nation Enters.*, 471 U.S. 539 (1985) (addressing First Amendment implications of news article quoting from Gerald Ford's autobiography).

390. U.S. CONST. amend. I.

however, the Court has always concluded that two primary features of copyright law avoid the collision and allow the systems to coexist.³⁹¹

The first feature is the idea-expression dichotomy.³⁹² As indicated in Part I.A.2.a, *supra*, copyright does not protect ideas; rather, it protects only particular *expressions* of ideas. Thus, subsequent users can always build on the ideas of others, as long as they create their own expression of those ideas, thereby minimizing the conflict with the First Amendment.

The second feature is fair use.³⁹³ As described in Part I.A.2.a, *supra*, certain uses of even copyrighted expression are deemed not to be infringements and are therefore permitted. The types of uses that qualify for fair use are typically those with a strong free speech component—uses that, if denied, might violate the First Amendment. As presently drafted, the LSRPA does not include a fair use provision, thus closing off one of the free speech “safety valves” and creating the possibility that a court might strike down the provision under the First Amendment.³⁹⁴

In the end, this issue is likely much less important than the preemption and Dormant Commerce Clause problems, for two reasons. First, this problem is easily fixed: The Tennessee Legislature could simply add a fair use provision to the statute,

391. *See, e.g., Eldred*, 537 U.S. at 219 (observing that “copyright law contains built-in First Amendment accommodations”); *Harper & Row*, 471 U.S. at 560 (noting that “First Amendment protections [are] embodied in the Copyright Act[]”).

392. *See, e.g., Eldred*, 537 U.S. at 219 (“[C]opyright law contains built-in First Amendment accommodations. First, it distinguishes between ideas and expression and makes only the latter eligible for copyright protection.”); *Harper & Row*, 471 U.S. at 560 (“First Amendment protections [are] embodied in the Copyright Act’s distinction between copyrightable expression and uncopyrightable facts and ideas. . . .”).

393. *See, e.g., Eldred*, 537 U.S. at 219 (“Second, the ‘fair use’ defense allows the public to use not only facts and ideas contained in a copyrighted work, but also expression itself in certain circumstances.”); *Harper & Row*, 471 U.S. at 560 (“First Amendment protections [are] embodied in . . . the latitude for scholarship and comment traditionally afforded by fair use”).

394. *See also* 2 NIMMER ON COPYRIGHT, *supra* note 14, § 8C.02 (“[The First Amendment analysis in *Eldred* is a] reason to posit that fair use forms a part of common law copyright. . . . Absent such a [fair-use] safeguard, post-*Eldred* jurisprudence inclines toward the view that the subject [state] copyright enactment may be constitutionally infirm.”); *cf. Bowers v. Baystate Techs.*, 320 F.3d 1317, 1335 (Fed. Cir. 2003) (Dyk, J., concurring in part and dissenting in part) (emphasizing the importance of fair use to the basic nature of copyright in disagreeing with the majority’s holding that a copyright license that prevented fair use was not preempted by the Copyright Act).

solving the problem instantly. No such easy remedy exists for the preemption problems cited above; the nature of the Internet and broadcast generally means the reach of the LSRPA cannot be adjusted legislatively.

Second, even without an explicit statutory provision, fair use may be an inherent part of copyright law. Even in the federal system, fair use has a long and distinguished history as a common-law doctrine; it was not codified until the 1976 Act.³⁹⁵ Apparently, only one state case has ever considered the issue directly,³⁹⁶ *EMI Records Ltd. v. Premise Media Corp.*³⁹⁷ in 2008. The defendant had used a fifteen-second clip from John Lennon's pre-1972 sound recording of *Imagine* in a film defending intelligent design.³⁹⁸ At trial, the New York court found the use to be fair and denied the copyright claim.³⁹⁹ If a Tennessee court is likely to reach the same conclusion, then omission of a fair use provision from the statute is not significant.

C. The SiriusXM Litigations

As noted in the Introduction, The Turtles (or rather, the original band members who own the master recordings of The Turtles' sound recordings, operating under the name of Flo & Eddie, Inc.) have sued SiriusXM in California.⁴⁰⁰ They claim that they have a digital performance right in their sound recordings under California law, and that SiriusXM has infringed this right by transmitting their songs to California subscribers.⁴⁰¹

The court recently granted Flo & Eddie's Motion for Summary Judgment on the public performance issue, concluding that

395. See MERGES ET AL., *supra* note 17, at 433–34.

396. This dearth of cases is likely attributable in large part to the fact that, historically, the primary realm of state copyright has been unpublished works, where any claim to fair use is very difficult to make out. See, e.g., *Harper & Row, Publishers v. Nation Enters.*, 471 U.S. 539 (1985) (relying heavily on the unpublished nature of the copyrighted work in rejecting a fair use defense); *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d. Cir. 1987) (same); see also *Subotnik & Besek*, *supra* note 98, at 332 (“Because of the amorphous nature of civil law protection in many states, the availability and scope of exceptions akin to fair use or those for libraries and archives is uncertain.”).

397. No. 601209/08, 2008 WL 5027245, 89 U.S.P.Q.2d 1593. (N.Y. Sup. Ct. Aug. 8, 2008).

398. *Id.*

399. *Id.*

400. Complaint, *Flo & Eddie, Inc. v. SiriusXM Radio, Inc.*, No. BC517032, 2013 WL 3948110 (Cal. Super. Ct. 2013).

401. See *id.*

California law did provide for a transmission right, and SiriusXM infringed it.⁴⁰² SiriusXM apparently did not raise a preemption argument, and so the court did not address it. The court did, in a footnote, reject a Dormant Commerce Clause argument, stating:

Sirius XM's argument that state regulation of sound recording performances would violate the Commerce Clause is without merit. *See Opp.* 21:12–14. “Where state or local government action is specifically authorized by Congress, it is not subject to the Commerce Clause even if it interferes with interstate commerce.” *White v. Mass. Council of Constr. Emp'rs, Inc.*, 460 U.S. 204, 213 (1983); *see also S. Pac. Co. v. State of Ariz. ex rel. Sullivan*, 325 U.S. 761, 769 (1945) (“Congress has undoubted power to redefine the distribution of power over interstate commerce. It may . . . permit the states to regulate the commerce in a manner which would otherwise not be permissible”). Because Congress specifically authorized protection of pre-1972 sound recording rights by the states in 17 U.S.C. § 301(c), the California statute protecting those rights is not subject to the Commerce Clause.⁴⁰³

As already discussed in Part III.A.2.c, *supra*, § 301(c) is insufficiently specific to support this construction, and thus the court's conclusion was incorrect. The Turtles' motion should have been denied, and SiriusXM should have prevailed.⁴⁰⁴

More importantly, SiriusXM should also have raised the federal preemption argument suggested in this article. California could not have enacted legislation that would create a public performance

402. *Flo & Eddie, Inc. v. SiriusXM Radio, Inc.*, No. CV 13–5693 PSG (RZx), 2014 WL 4725382 (C.D. Cal. Sept. 22, 2014). The Westlaw Docket for the case notes the removal to federal court. *See also* Capitol Records, LLC v. Sirius XM Radio Inc., Case No. BC520981 (Cal. Super. Ct. Aug. 27, 2014), *available at* <http://www.project-72.org/documents/Sirius-XM-Order-Granting-Jury-Mot.pdf> (order granting motion for jury instruction, citing and following *Flo & Eddie* on issue of performance right in pre-1972 sound recordings in California).

403. *Flo & Eddie, Inc.*, 2014 WL 4725382, at *9 n.1.

404. Flush with their success against SiriusXM, Flo & Eddie have filed a similar suit against Pandora. *See* Complaint, *Flo & Eddie, Inc. v. Pandora Media, Inc.*, No. CV14 07648-ODW, 2014 WL 4978652 (C.D. Cal. Oct. 2, 2014); *see also* David Post, *Flo & Eddie and the right to publicly perform pre-1972 recordings*, THE VOLOKH CONSPIRACY (Jan. 9, 2015), <http://www.washingtonpost.com/news/volokh-conspiracy/wp/2015/01/09/flo-eddie-and-the-right-to-publicly-perform-pre-1972-recordings/> (discussing both the SiriusXM and Pandora suits, and noting that Pandora has responded by filing an anti-SLAPP motion against Flo & Eddie under California law).

right in pre-1972 sound recordings. By the same reasoning, it cannot recognize such a right under its decisional law (or, as happened in this case, by judicial interpretation of an admittedly vague statute).⁴⁰⁵ Furthermore, nothing in the decision limits it to digital performances; the court seems to have recognized a general performance right for pre-1972 sound recordings. No state has ever before recognized such a right, which subjects an enormous number of parties to unexpected liability, including any radio station whose signal can be received in California—a right that is specifically denied post-1972 sound recordings under federal law.⁴⁰⁶ Such an enormous expansion of liability, in contradiction of federal law, only enhances the case for preemption under the Copyright Act. Thus, The Turtles' suit should have been preempted, and SiriusXM should not have been liable for transmitting its sound recordings to California.

In a related action, Sound Exchange has sued SiriusXM for failing to pay royalties on *all* pre-1972 sound recordings.⁴⁰⁷ A major component of the complaint is that the Copyright Royalty Judge who set the rates for the compulsory licenses under § 114 required SiriusXM to base the calculations on its gross revenue, with limited specified deductions. In computing its royalties, however, SiriusXM also subtracted what it estimated to be the share of revenue it received from pre-1972 sound recordings, reasoning that these revenues fell outside the scope of the digital performance right. Sound Exchange argues that such deductions are inappropriate under the Order, and thus SiriusXM owes royalties on these recordings. The action is currently pending before the D.C. District Court. However, the Order would seem to run afoul of § 301(c)'s stipulation that “no [pre-1972 sound recording] shall be subject to copyright under this title”⁴⁰⁸ If pre-1972 sound recordings are not protected under federal copyright law, then they are not entitled to the digital performance right granted in § 106(6).⁴⁰⁹ Therefore,

405. See *Cipollone v. Liggett Grp., Inc.*, 505 U.S. 504, 521–24 (holding that preemption applied to common-law damages awards as well as statutory law); see also *MacDonald v. Monsanto Co.*, 27 F.3d 1021, 1024–25 (5th Cir. 1994) (applying *Cipollone* to preempt common-law failure-to-warn claims); cf. 17 U.S.C. § 301(a) (preempting copyrights or equivalent rights “under the common law or statutes of any State”).

406. See 17 U.S.C. § 114(a) (2012).

407. Complaint, *SoundExchange, Inc. v. SiriusXM Radio, Inc.*, No. 1:13CV01290, 2013 WL 4521902 (D.D.C. Aug. 26, 2013).

408. 17 U.S.C. § 301(c) (2012).

409. *Id.* § 106(6) (2012).

insofar as the Order applied to such recordings, it likely exceeded the court's authority under § 114.

IV. POSSIBLE SOLUTIONS

The Copyright Office Report presents the obvious solution to the problems of pre-1972 sound recordings: Bring them into the federal copyright system.⁴¹⁰ However, that still leaves the very complicated issue of *how* to accomplish this solution.⁴¹¹ The Report makes a very complex proposal, with many different possibilities for what might happen with a particular work.⁴¹²

The main reason for all this complexity is that the Copyright Office Report was very concerned with the issue of takings under the Fifth Amendment.⁴¹³ The Takings Clause states, "nor shall private property be taken for public use, without just compensation."⁴¹⁴ The basic premise adopted by the Report is that rights in pre-1972 sound recordings are a species of property right, and thus any negative adjustment of such rights might be deemed to be a taking under the Fifth Amendment.⁴¹⁵ Under the current § 301(c), pre-1972 sound recordings are protected under state law until 2067, when they will fall under federal law (and at that point the recordings will all be sufficiently old that they will wind up in the public domain).⁴¹⁶ Any proposal to bring them under federal law sooner would likely result in the recordings falling into the public domain sooner—indeed, that is one of the main goals in federalizing the right—thus in effect shortening the term and potentially invoking the Takings Clause.⁴¹⁷ In order to forestall virtually any possibility of such a takings claim, the Report's proposal creates all sorts of possibilities for owners of rights in pre-1972 sound recordings to preserve their rights for various extended periods of time.⁴¹⁸

410. See COPYRIGHT OFFICE REPORT, *supra* note 14, at 120–39.

411. See *id.* at 139–75.

412. See *id.* Subotnik and Besek provide a very thorough analysis of what, practically, all the various provisions would accomplish. See Subotnik & Besek, *supra* note 98.

413. See COPYRIGHT OFFICE REPORT, *supra* note 14, at 155 (start of section entitled "Fifth Amendment Takings Claims") (citing U.S. CONST. amend. V).

414. U.S. CONST. amend. V.

415. See COPYRIGHT OFFICE REPORT, *supra* note 14, at 155–67.

416. See 17 U.S.C. § 301(c) (2012) (stating that state law protecting pre-1972 sound recordings is not preempted "until February 15, 2067").

417. See COPYRIGHT OFFICE REPORT, *supra* note 14, at 155–67.

418. See *id.* at 162–67.

For example, the Report's proposal suggests that sound recordings published prior to 1923 should be in the public domain, as has already happened with all other works protected under federal law.⁴¹⁹ However, its concern over takings causes it to amend that simple plan. The Report proposes that owners of such pre-1923 sound recordings should receive an additional 25 years of protection if, during a "reasonable transition period" after the effective date of any legislation, "the right holder makes the work available to the public and notifies the Copyright Office of that fact and of its intent to secure protection for that 25-year period."⁴²⁰ Similarly, the Report proposes that sound recordings first made between 1923 and 1972 should receive the same term as other works from that era (95 years from publication), but again modifies that simple rule.⁴²¹ Owners of such sound recordings could extend the term to 2067—the date on which state protection would currently end under § 103(c)—by "(1) making the work available to the public, and (2) providing notice to the Copyright Office that the work has been made available at a reasonable price and that the right holder intends thereby to secure a full term of protection."⁴²²

Professors Eva Subotnik and June Besek, in their analysis of the proposal presented in the Copyright Office Report, accept this basic premise and more fully develop the arguments.⁴²³ Their analysis leads them to suggest a few minor modifications and amendments to the Report's proposal, but they suggest no major overhaul.⁴²⁴

The Report's proposal is overly complex and overly sensitive to the takings issue. The complexity is particularly problematic when considered in light of the existing rules for determining the term of protection for a copyrighted work, which are already mind-bogglingly complicated.⁴²⁵ Adding another layer of complexity on top of these rules does not seem like the best approach to resolving the issue of pre-1972 sound recordings. Furthermore, it would have the effect of delaying the entry of pre-1972 sound recordings into the

419. *Id.* at 164.

420. *Id.* at 165.

421. The Report actually proposes this term only for published sound recordings, suggesting an alternative term of 120 years from creation for unpublished sound recordings. *See id.* at 165–66. This proposed alternative term is the same as that for unpublished works by anonymous or corporate entities. *See id.* (citing 17 U.S.C. § 302(c)).

422. *Id.* at 164.

423. *See* Subotnik & Besek, *supra* note 98.

424. *See id.*

425. *See generally* 3 NIMMER ON COPYRIGHT, *supra* note 14, §§ 9.08–9.12 (tracing the many complexities of determining copyright term).

public domain, in some cases for a potentially significant length of time.

Instead, Congress should simply declare that pre-1972 sound recordings will be henceforth protected under exactly the same term as all other works. Notably, this proposal would accomplish precisely what the proponents of the LSRPA claim to want: equality with owners of post-1972 sound recordings. They would receive the equivalent rights, and be subject to the same limitations.⁴²⁶ It is also what the Report suggests that it would do in the absence of concerns about takings under the Fifth Amendment.⁴²⁷ Perhaps the easiest way to accomplish this is via the mechanism suggested by Michael Erlinger,⁴²⁸ who suggests following the contours of the Uruguay Round Agreements Act ("URAA").⁴²⁹

The URAA represented Congress's attempt to comply with U.S. international treaty obligations under the Trade-Related Aspects of Intellectual Property Rights ("TRIPS") agreement, the intellectual property provisions of the General Agreement on Tariffs and Trade ("GATT").⁴³⁰ One of the requirements of TRIPS is that the United States must recognize copyrights of foreign nationals who were members of TRIPS and whose works were first published outside the United States.⁴³¹ Furthermore, this recognition had to be applied retrospectively, covering even works that had fallen into the public domain in the United States.⁴³² The provisions of the URAA

426. See, e.g., Project-72, *supra* note 316 (noting disparity of treatment between performers of pre-1972 sound recordings and post-1972 sound recordings, and casting it as a matter of fairness).

427. See COPYRIGHT OFFICE REPORT, *supra* note 14, at 163.

428. Michael Erlinger, Jr., *An Analog Solution in a Digital World: Providing Federal Copyright Protection for Pre-1972 Sound Recordings*, 16 UCLA ENT. L. REV. 45 (2009).

429. Pub. L. No. 103-465, 108 Stat. 4809 (1994). Perhaps somewhat curiously in view of the fact that it is using the URAA as a model, this article will ignore foreign pre-1972 sound recordings and any additional complexity they might create. However, such recordings might potentially now be protected by both federal and state copyright law. See 1 NIMMER ON COPYRIGHT, *supra* note 14, §§ 2.10[B][1][b], 2.10[B][2] (citing *id.* § 8.03[E]).

430. Trade-Related Aspects of Intellectual Property Rights Agreement, April 15, 1994, 33 I.L.M. 1199, Annex 1C of the Agreement Establishing the World Trade Organization, 33 I.L.M. 1143 (1994) [hereinafter TRIPS Agreement]; see also 3 NIMMER ON COPYRIGHT, *supra* note 14, § 9A.04 (discussing restoration under TRIPS); COPYRIGHT OFFICE REPORT, *supra* note 14, at 17-20 (discussing the URAA).

431. TRIPS Agreement, *supra* note 430, art. 9 (incorporating the terms of the Berne Convention, including art. 18, which requires new members to restore certain copyrights belonging to foreign nationals that had fallen into the public domain).

432. Many such works existed because, prior to 1989, the United States required

accomplished this task. The issues addressed by the URAA are in many ways very similar to those presented by bringing pre-1972 sound recordings into the federal system, and the URAA thus provides a useful model.⁴³³

Under this model, sound recordings made before 1923 would immediately fall into the public domain (rather than remaining protected under state law until 2067), thus joining all other pre-1923 copyrighted works.⁴³⁴ Post-1923 works would receive the same term as all other works, 95 years.⁴³⁵ The earliest works in this category, those recorded in 1923, would thus go into the public domain at the end of 2018; the latest works, those recorded in early 1972, would go in 2067 and thus would lose no term.⁴³⁶ This system has nice proportionality. As Erlinger observes, the older a recording is, the less value it has, because the value in most older recordings lies in their nostalgia, which typically persists only within living generations.⁴³⁷ Thus, the recordings that will lose the most term (from the 1920s and 1930s) have the least value, while those with the most value (from the 1960s and early 1970s) will lose the least term. Together, these factors minimize the lost value.

Furthermore, at least some of the lost value will be offset by gains from moving from an uncertain and labyrinthine system of state laws, where suing for infringement will depend on researching the vagaries of state law, into the much more certain federal system, whose parameters are well established.⁴³⁸ The federal system also

certain formalities in order to get federal protection upon publication. *See generally* 3 NIMMER ON COPYRIGHT, *supra* note 14, § 9A.04. The primary one of these was that all published copies had to contain a notice of copyright in a specific location; failure to comply resulted in the loss of the federal copyright, and the work would fall into the public domain. *Id.* Most foreign systems had abandoned formalities long before this time, and thus foreign works would often be published in the United States without notice. *Id.* A lot of them therefore wound up in the public domain. *Id.* When the United States joined TRIPS, it was forced to restore the copyright in any of these works that were still protected in their home countries, for the term they would have received in the United States had they been properly marked. *Id.*

433. As a further argument in its favor, the Supreme Court ruled it valid over a variety of constitutional challenges in *Golan v. Holder*, ___ U.S. ___, 132 S. Ct. 873 (2012).

434. *See* Erlinger, *supra* note 428, at 72.

435. *See id.* at 71–72.

436. *See id.*

437. *See id.* at 74–75 (“Generally, demand and commercial value track the age of the population-at-large: as the population’s age increases, commercial value of correspondingly early sound recordings decreases.”).

438. *See* Subotnik & Besek, *supra* note 98, at 359 (noting that “the federalizing legislation would also be guaranteeing certain valuable exclusive rights that may not

has rights that are lacking in the states, particularly the digital performance right,⁴³⁹ which, as this article argues, the states cannot grant even if they so desire. Partially offsetting this gain in rights and certainty will be the imposition of the various limitations that affect federal rights, although many of these may have implicitly existed in state law anyway.⁴⁴⁰

One issue that Erlinger fails to address is identifying the point in time from which that term should now be measured. He refers to the date the work was “published,”⁴⁴¹ but in copyright law, “publication” is a complex and nuanced term of art, and defining the date of publication for sound recordings has been a contentious issue.⁴⁴² Rather than getting mired in defining publication, the legislation should instead use commercial exploitation as the touchstone.⁴⁴³ This makes particular sense with commercial works, for which the term measurement would be fairly simple—most commercial works have a clear date of release, which would start the term. If a work

exist under the laws of the several states” and suggesting “some right holders may actually prefer the slate of federal rights to a longer, but less clear, term of state law protection”); *see also* Erlinger, *supra* note 428, at 46 (observing, “While the protection afforded by federal copyright law is relatively clear, determining the scope of protection afforded by state law is a difficult, uncertain, and frequently fruitless endeavor.”); *id.* at 74 (questioning, using the example of a 1940 sound recording, whether “replac[ing] 32 years of ambiguous state law protection with 27 years of recognized federal protection” results in a taking).

439. *See* Subotnik & Besek, *supra* note 98, at 359 (listing “a more certain derivative work right and public performance right in the case of digital audio transmissions” as advantages of federal rights over state rights).

440. *See id.* at 372.

441. *See* Erlinger, *supra* note 428, at 72–73 & nn.139–40. Actually, Erlinger at one point refers to the date the work was “first fixed,” *see id.* at 72, but then otherwise uses the date a work was “published.”

442. Erlinger actually makes this point with some force but then fails to recognize the difficulty in spelling out his proposal. *See id.* at 51–55, 61–62; *see also* Goldstein v. California, 412 U.S. 546, 570 n.28 (1973) (noting the issue but declining to address it); Capitol Records v. Mercury Records Corp., 221 F.2d 657, 664–68 (2d. Cir. 1955) (Hand, J., dissenting) (disagreeing with majority on the issue of whether a sound recording had been “published” for purposes of copyright law); Ralph S. Brown, Jr., *Publication and Preemption in Copyright Law: Elegiac Reflections on Goldstein v. California*, 22 UCLA L. REV. 1022, 1022 (1975) (“This Article is a critical account of how, in search of a remedy, the [Goldstein] Court rediscovered state copyright and rode roughshod over the concept of publication in copyright law.”). *See generally* 1 NIMMER ON COPYRIGHT, *supra* note 14, ch. 4 (detailing the idea of “Publication”).

443. This was, to a large degree, the purpose of measuring from “publication” in the first place—publication typically marked the beginning of commercial exploitation.

was never commercially exploited, it should immediately fall into the public domain. This treatment would, to a large degree, parallel the treatment of unpublished works under the 1976 Copyright Act: They were given a transition term until 2002 that was extended if they were subsequently published, but otherwise they fell into the public domain at that time.⁴⁴⁴ The latest recordings that could be affected would be those made in early 1972. If they have not been exploited in the ensuing 42 years, they are unlikely to have any significant monetary value.⁴⁴⁵ Any such recordings would be entitled to compensation on the same terms as pre-1923 sound recordings that would also fall into the public domain.⁴⁴⁶

Erlinger's proposed 95-year term also hides some other lurking issues. For the pre-1972 sound recordings at issue, federal copyright would only have protected them if they were published with notice.⁴⁴⁷ They were not, of course, published with notice because they were not protectable under federal law at the time; indeed, such a notice might even have been deemed fraudulent.⁴⁴⁸ Because this problem is essentially the same one the URAA addresses for foreign works—publication without notice—Erlinger's adoption of that regime solves it the same way: The recordings are declared protected by federal law without reference to notice, which in effect treats them as if they had been “published” “with notice.”⁴⁴⁹

The other lurking issue is renewal.⁴⁵⁰ The copyright term has gone through some complex evolutions, resulting in a number of factors that need to be addressed in determining the term for all pre-1978 works.⁴⁵¹ The upshot is that works published prior to 1964 are in the public domain unless they had their copyrights renewed

444. See 17 U.S.C. § 303 (2012).

445. Actually, for complete symmetry with all other categories of works, any work that was not commercially exploited before 2002 should immediately fall into the public domain. See *id.*

446. See *infra* notes 470–475 and accompanying text.

447. See 17 U.S.C. §§ 10, 19–20 (1909 Act) (requiring publication with notice to secure federal copyright, and providing strict rules for the form and placement of such notice).

448. See *id.* § 105 (1909 Act) (providing penalties for placing notice of copyright “upon any uncopyrighted article”).

449. See 17 U.S.C. § 104A(a)(1) (2012).

450. Briefly, the 1909 Act provided a 28-year term of protection that could be renewed for a second 28-year term, for a total term of 56 years. However, renewal was not automatic, and failure to renew resulted in the work falling into the public domain. See 3 NIMMER ON COPYRIGHT, *supra* note 14, § 9.05[A].

451. The year 1978 marks the effective date of the 1976 Copyright Act, which adopted the unitary term of life of the author plus 50 years, later expanded to 70 years. See 17 U.S.C. § 302(a) (2012).

before 1992 (renewal was made automatic for all works published after that year).⁴⁵² Applying the same rule to pre-1972 sound recordings, none of which of course had been “renewed” at the end of their nonexistent copyright term, would be unfair, as it would punish their owners for not doing the impossible. The best way to handle this is to add to the fictional “publication” “with notice” a subsequent fictional “renewal,” so that all post-1922, pre-1972 sound recordings receive the full ninety-five-year term.

Erlinger next addresses the issue of ownership, observing that state law might permit transactions that were invalid under federal law.⁴⁵³ He therefore proposes that the issue of ownership should be dealt with under state law, so that rights are not unintentionally redistributed by the federal rules.⁴⁵⁴ This suggestion is in accord with the conclusion of the Copyright Office Report:

[O]wnership of newly federalized pre-1972 sound recordings should be determined not by applying existing federal law retrospectively, but by applying state law as it exists as of the effective date of federalization. That is, whoever owned the rights immediately before pre-1972 sound recordings are given federal protection would own those rights when federal protection takes effect.⁴⁵⁵

Erlinger concludes by addressing the rights of parties who had relied on the provisions of state law in exploiting pre-1972 sound recordings in a way that becomes an infringement under the new law.⁴⁵⁶ Following the URAA, he proposes requiring those owning the new rights to give a “notice of intent to enforce” before they can act against reliance parties, followed by a delay to allow the party to recoup investments before ceasing the infringing behavior (or

452. See 3 NIMMER ON COPYRIGHT, *supra* note 14, § 9.05[A][1].

453. See Erlinger, *supra* note 428, at 75–76.

454. See *id.* (noting that the URAA uses such a rule) (citing 17 U.S.C. § 104A(b), (h)); see also Subotnik & Besek, *supra* note 98, at 339–40 (“To avoid potential confusion, federalizing legislation should provide that initial ownership of the federal copyright in these recordings be determined by state law, as would the validity of any transfers made prior to the effective date of the legislation.” (citing Erlinger)). Subotnik and Besek also observe that the owner of the pre-1972 sound recordings would need to register the work before suing on it. See *id.* at 341–42.

455. COPYRIGHT OFFICE REPORT, *supra* note 14, at 147–48. The Report also concludes that termination rights—the rights of a creator to terminate a copyright assignment after 40 years—should apply only to assignments made after the effective date of federalization. See *id.* at 149.

456. See Erlinger, *supra* note 428, at 76–77.

negotiate for its continuation).⁴⁵⁷ Presumably, he would also adopt the URAA provisions that apply to reliance parties who had made derivative works⁴⁵⁸ during the time period that the sound recordings were in the public domain. The URAA restoration provisions provide that the creator of such derivative works may continue to exploit them during the restored term, as long as they provide appropriate compensation to the copyright owner.⁴⁵⁹

One place where Erlinger's proposal is somewhat underdeveloped is on the issue of takings—he acknowledges the issue but does not fully resolve it.⁴⁶⁰ This issue is, of course, the one with which the Copyright Office Report's proposal becomes bogged down.⁴⁶¹ Instead of dealing with the takings issue via complex notice and extension provisions as the Report suggests, Congress should confront it head-on. The key is that the Takings Clause does not simply say, “private property [shall not] be taken for public use,” it says it shall not be taken “without just compensation.”⁴⁶² Compensation for any takings would be a more effective way to address the issue.⁴⁶³

A threshold issue is whether, in fact, a taking would occur at all. The Copyright Office Report adopts the position that rights in pre-1972 sound recordings are “property” rights, subject to a takings

457. *See id.*

458. A derivative work is one that is derived from another work, such as a translation, or a movie adapted from a novel or a play. Section 106(2) grants the copyright owner the exclusive right to make derivative works, and such rights are commonly licensed to others for the purpose. 17 U.S.C. § 106(2) (2012). Congress was concerned about protecting reliance parties in situations where, for example, the creator of a movie based on a public domain novel, who had made considerable contributions beyond the underlying novel, would nevertheless suddenly be prevented from showing the movie after the copyright in the novel was restored. So Congress protected such reliance parties. *See id.* § 104A(d)(3) (2012).

459. *See id.* § 104A(d)(3) (“In the case of a derivative work that is based upon a restored work . . . a reliance party may continue to exploit that derivative work for the duration of the restored copyright if the reliance party pays to the owner of the restored copyright reasonable compensation for conduct which would be subject to a remedy for infringement but for the provisions of this paragraph.”).

460. *See Erlinger, supra* note 428, at 73–76.

461. *See discussion supra* notes 413–425 and accompanying text.

462. U.S. CONST. amend. V.

463. Erlinger makes a similar suggestion, although along slightly different lines. *See Erlinger, supra* note 428, at 75. Subotnik and Besek also point out that “the lengthy period of state law protection already enjoyed by pre-1972 sound recordings is akin to an amortization period for nonconforming uses under zoning law, which some courts have found to vitiate takings claims.” Subotnik & Besek, *supra* note 98, at 360.

analysis.⁴⁶⁴ That premise is debatable, but the debate is beyond the scope of this article. Furthermore, because copyrights are purely a creation of federal law (or, in the case of pre-1972 sound recordings, left to state law at the sufferance of federal law), they might arguably be subject to whatever terms Congress chooses to adopt, and so legislative changes can never amount to a taking. Again, that argument is beyond the scope of this article.

Related to this last argument is another, less radical one based on the Supreme Court's decision in *Eldred v. Ashcroft*,⁴⁶⁵ which considered the constitutionality of the 1998 Sonny Bono Copyright Term Extension Act ("CTEA"). One of the plaintiffs' main arguments was that extending the term of *existing* copyrights by twenty years did not create any new incentives for creation, and thus violated the Intellectual Property Clause directive that copyrights were to be granted to "promote the Progress of Science."⁴⁶⁶ The Court disagreed, holding that Congress could rationally conclude that creators took future extensions into account when making decisions on creativity.⁴⁶⁷ Turning that logic around, creators arguably should also take into account the possibility of future term *reductions* and make it part of the calculus. Thus, just as Congress could rationally increase the term for existing copyrights, it could also rationally reduce the term for pre-1972 sound recordings (from the state-law term currently set to run until 2067), and no one would be in a position to complain.⁴⁶⁸ However, the Court based its conclusion in part on Congress's "unbroken practice" of copyright term extensions, somewhat undercutting the application of this argument to term reductions.⁴⁶⁹ In any case, further development of these arguments is beyond the scope of this article, which will proceed as though the

464. See COPYRIGHT OFFICE REPORT, *supra* note 14, at 155–62; see also Subotnik & Besek, *supra* note 98, at 347–78.

465. 537 U.S. 186 (2003).

466. See *id.* at 211 (quoting the Intellectual Property Clause, U.S. CONST. art. 1, § 8, cl. 8).

467. See *id.* at 214–15.

468. Cf. Subotnik & Besek, *supra* note 98, at 360–61 & n.194 (noting, in a slightly different context, Congress's power to set copyright terms, and, in citing *Eldred*, observing "The fact that *Eldred* dealt with expanded terms, rather than foreshortened terms, does not refute the importance of the history of congressional activity in this area."); *id.* at 364 (referring to the fact that the 1976 Act, in the form of § 301(c), already reduced the term for pre-1972 sound recordings from perpetuity to expiration in 2067, and suggesting that therefore "expectations of such changes from time to time arguably are now built into the fabric of these property rights").

469. See *Eldred*, 537 U.S. at 213–14 & *passim*.

rights in the pre-1972 sound recordings are subject to a takings analysis.

The sound recordings most affected by a direct absorption into current federal law would be those made before 1923, which would immediately fall into the public domain rather than remaining protected by state law until 2067, along with any recordings that had not been commercially exploited by the time the new law goes into effect.⁴⁷⁰ Very few, if any, of these recordings have real monetary value today.⁴⁷¹ However, as the Copyright Office Report notes, they are invaluable resources for researchers.⁴⁷² Freeing them from copyright would open them up as resources. To compensate for any monetary value they might have, Congress could offer a nominal sum—say, \$1—to any owner of a pre-1923 sound recording who files a claim for it.⁴⁷³ For any such owner who believes that his or her particular recording is worth more than that, the enacting legislation could provide for an administrative appeal before the Copyright Royalty Board, in which the owner would be given an opportunity to prove a greater value. If successful, the owner would receive the greater value; if not, he or she would have to settle for the \$1 payout. Dissatisfied petitioners would have a right of appeal to the Court of Federal Claims and then the Federal Circuit, just like any other takings claimant.⁴⁷⁴ The enacting legislation could set a statute of limitations on making such a claim, perhaps of three to five years. A similar system could also be adopted for later works that would lose only part of their remaining term—offer \$1 in compensation for any lost term, with the possibility of an administrative appeal in which the owner of the right would have the opportunity to prove a larger amount.

470. See Erlinger, *supra* note 428, at 73–74.

471. See *id.*

472. See COPYRIGHT OFFICE REPORT, *supra* note 14, at 90–100.

473. Congress would have to set aside money to pay out such claims, but probably not a very large amount. The offered amount would probably not be enough to entice the owners of most such recordings to file for the payment, given the hassle involved in filing such a claim, unless they owned many such recordings and could file all the claims at once. That does not necessarily mean, however, that the amount is too low; if anything, \$1 likely overstates the monetary value of most such old recordings, which are generally of low sound quality.

474. See 28 U.S.C. § 1491(a)(1) (2006) (“The United States Court of Federal Claims shall have jurisdiction to render judgment upon any claim against the United States founded either upon the Constitution, or any Act of Congress”); *id.* § 1295(a)(3) (2006) (“The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—(3) of an appeal from a final decision of the United States Court of Federal Claims”).

An alternative possibility for the administrative appeal might be to give the Copyright Royalty Board the power to award an increased copyright term, rather than money damages, to repair the damage wrought by the reduction in term. For example, if a federal copyright granted under the new legislation would now expire in 2020 instead of 2067, but the owner proves it would still have value until 2030, the Board could extend the term accordingly. This approach would have the advantage of costing the government less, even though it would delay the entry of works into the public domain.⁴⁷⁵

Congress has not been unmindful of the problems presented by pre-1972 sound recordings. At least two recent bills have addressed the issue, although neither ever came up for vote. The more comprehensive, the “Sound Recording Simplification Act,” was presented in 2011.⁴⁷⁶ This Bill would simply have repealed 17 U.S.C. § 103(c), the provision excluding pre-1972 sound recordings from federal protection and leaving them to state protection.⁴⁷⁷ Such a straightforward approach would likely prove quite problematic in practice, because it does not address any of the problems that such federalization would create, as analyzed so extensively in the Copyright Office Report.⁴⁷⁸

The second bill, the “Respecting Senior Performers as Essential Cultural Treasures Act” (“RESPECT Act”), introduced in 2014, was much more limited in scope.⁴⁷⁹ This Bill would have amended 17 U.S.C. § 114(f)(4) to require digital broadcasters to pay for digital transmissions of pre-1972 sound recordings on the same terms as for post-1972 sound recordings.⁴⁸⁰ Failure to pay would have rendered

475. Such a proposal might be seen as analogous to patent term extensions, which are similarly done on an individual basis. Patentees can request term extensions due to unduly prolonged prosecution, 35 U.S.C. § 154(b) (2006) (“Adjustment of Patent Term”), or delays in obtaining regulatory approval, 35 U.S.C. § 156 (2006) (“Extension of Patent Term”). The amount of delay is specific to each patent, as therefore is the extension of term. Bureaucratically, the extension would be slightly more complicated for copyrights. A patent is issued in the form of a specific document, and that document can indicate the existence of the extension and its length. In contrast, copyrights spring into being with no formalities, and thus have no convenient place to record a term extension. However, the lack of formalities makes it extremely difficult to figure out the expiration date of almost *any* copyright, so the extension will not appreciably worsen the situation.

476. H.R. 2933, 112th Cong. (2011).

477. *See id.* § 2.

478. *See generally* COPYRIGHT OFFICE REPORT, *supra* note 14.

479. H.R. 4772, 113th Cong. (2014).

480. *See id.* § 2.

the broadcaster liable to suit in federal court.⁴⁸¹ At the same time, making such payment would have immunized the broadcaster from state law causes of action for the transmission.⁴⁸² The Bill expressly states that it “does not confer copyright protection under this title upon sound recordings that were fixed before February 15, 1972. Such sound recordings are subject to the protection available under the laws of the States”⁴⁸³ Curiously, the Bill nowhere states who is to *receive* those payments;⁴⁸⁴ indeed, its language is so carefully constructed to refer only to the broadcasters that the almost unavoidable conclusion is that its authors deliberately avoided addressing that crucial—and difficult—issue. Thus, while this Bill would have accomplished the main goal of the LSRPA by providing the digital transmission right for pre-1972 sound recordings, it would have left open the major issue of ownership of these recordings. Further, it would have failed to solve the many other problems identified in the Copyright Office Report.⁴⁸⁵ Only bringing pre-1972 sound recordings fully under federal law can address all of the necessary issues.

CONCLUSION

Federal copyright law provides a digital performance right that allows owners of sound recordings to receive royalties when their works are transmitted over the Internet or via satellite radio. However, this federal protection does not extend to pre-1972 sound recordings, which are excluded from the federal copyright system and instead left to the protections of state law. No state law explicitly provides any type of transmission, a situation the owners of pre-1972 sound recordings find lamentable. These owners are therefore attempting to achieve such protection by various means. In California, they filed a lawsuit, claiming that they already had such a right under existing general statutes. In Tennessee, they instead attempted to make the change legislatively, introducing a bill into both the House and Senate that would explicitly grant the desired right.

Both approaches, however, suffer from the same fatal flaw: They are preempted by federal law. First, although they fall outside the Copyright Act’s explicit preemption provision, they are nevertheless preempted under ordinary conflict preemption principles because

481. *See id.*

482. *See id.*

483. *Id.*

484. *See id.*

485. *See generally* COPYRIGHT OFFICE REPORT, *supra* note 14.

they interfere with the fundamental principle of uniformity that underlies the Copyright Act. Second, they violate the Dormant Commerce Clause because they interfere with interstate commerce. Thus, state law cannot provide the remedy that the owners of pre-1972 sound recordings seek.

Their concerns, however, should not be dismissed. The exclusion of pre-1972 sound recordings from the federal system does deprive the owners of such recordings of royalties received by similarly situated owners whose recordings happen to have been made after that date. Because state law cannot remedy the problem, federal law must. Pre-1972 sound recordings should be brought into the federal system, on essentially the same terms as other works from the same era that are already protected by federal copyright. Owners of pre-1972 sound recordings will then have the same right to receive royalties for digital transmissions of their works currently enjoined by owners of later sound recordings. At the same time, those desiring to use such pre-1972 sound recordings would be able to take advantage of the compulsory licensing provisions Congress provided in the federal law to facilitate such transmissions. Bringing the pre-1972 sound recordings into the federal system will put everyone on the same footing, so they can all end up “Happy Together” under federal law.