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No.08-1039

IN THE

Supreme Court of the United States

THOMAS STEINBECK AND BLAKE SMYLE,

Petitioners,

v.

PENGUIN GROUP (USA) INC., ET AL.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF OF AMICI CURIAE SONGWRITERS GUILD OF AMERICA, AMERICAN FEDERATION OF MUSICIANS, AMERICAN SOCIETY OF MEDIA PHOTOGRAPHERS IN SUPPORT OF PETITIONERS

CARL W. HAMPE
Of Counsel
Songwriters Guild of America
BAKER & MCKENZIE LLP
815 Connecticut Ave., NW
Washington, D.C. 20006
(202) 835-4259

CHARLES J. SANDERS
Counsel of Record
Songwriters Guild of America
ATTORNEY AT LAW, PC
29 Kings Grant Way
Briarcliff Manor, NY 10510
(914) 366 6642

TABLE OF CONTENTS

INTEREST OF AMICI CURIAE 1

SUMMARY OF ARGUMENT 3

ARGUMENT 5

I. The Question Presented Is Recurring And Extremely Important To The Maintenance of Congress's Copyright Bargain 5

A. The Question Presented Will Recur Frequently 5

B. Question Presented Is Extremely Important To The Maintenance of Congress's Copyright Bargain 8

C. The Second Circuit Is Misreading The Sonny Bono Copyright Term Extension Act (CTEA) 13

II. The Second and Ninth Circuits are Intractably Divided on the Question presented 15

A. A Split Between the 2nd and 9th Circuits Is Sufficient to Require Review For The Music Industry 15

B. All Major Music Publishers May Commence Actions in 2nd 16

CONCLUSION 17

TABLE OF CITED AUTHORITIES

STATUTES

17 U.S.C.§ 203 .... 3, 6, 7, 8, 14

17 U.S.C. § 302 14

17 U.S.C § 304 .... 3, 4, 6, 7, 8, 14

Sonny Bono Copyright Term Extension Act of 1998, Pub.L.No. 105-298, 111 Stat. 2827... 9, 13, 14

OTHER AUTHORITIES

H.R. Rep. No. 94-1476 (1976) 9

Prepared Statement of George David Weiss, President, The Songwriters Guild of America. *Music licensing and small business hearing before the Committee on Small Business, House of Representatives, 104th Cong., 2d. Sess., May 1996* 9

Prepared Statement of Marybeth Peters, Register of Copyright and Associate Librarian for Copyright Services. *Copyright term, film labeling, and film preservation legislation: hearings before the Subcommittee on Courts and Intellectual Property of the Committee on the Judiciary, House of Representatives, 104th Cong., 1st Sess., June 1 and July 13,* 1995 11

S. Garfield, *Money for Nothing: Greed and Exploitation in the Music Industry* (1996) 13

M. Krasilovsky et al., *This Business of Music: the definitive guide to the music industry* (8th ed. 2000) 13

World Intellectual Property Organization, *Guide to the Berne Convention for the Protection of Literacy and Artistic Works* (Paris Act, 1971) 15

INTEREST OF AMICI CURIAE[1]

The Songwriters Guild of America ("SGA") is the nation's oldest and largest organization run exclusively by and for songwriters, with approximately five thousand members nationwide and over seventy-five years of advocacy for songwriters' rights. We are a voluntary association comprised of composers and the estates of deceased members. We provide a variety of services to our members, including contract advice, copyright renewal and termination filings, and royalty collection and auditing to ensure that they receive proper compensation for their creative efforts. SGA's efforts on behalf of all U.S. songwriters includes advocacy before the U.S. Congress to obtain favorable legislation for songwriters and participating as amicus curiae in litigation of significance to the creators of the American canon of popular music. SGA's world renowned members include Ray Charles ("What I'd Say"), Harold Arlen ("Over The Rainbow", "Stormy Weather"). Chuck Berry ("Johnny B. Goode", Maybellene"), Joe Garland ("In the Mood"), E.Y. Harburg ("Over the Rainbow", "If I Only Had a Brain"), Johnny Mercer ("Moon River", Ac-Cent-Tchu-Ate The Positive").

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[1] Counsel of record for all parties received notice at least 10 days prior to the due date of the *amicus curiae*'s intention to file this brief. The parties have consented to the filing of this brief. No counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amicus curiae*, its members, or its counsel made a monetary contribution to its preparation or submission.

Of particular note is that SGA has acted as an agent to songwriters for termination filings under the Copyright Act. Since 1978 SGA has helped songwriters and their heirs reclaim their works through the filing of copyright termination notices and the perfection of the termination process. Most writers and heirs have never been told about their ability to reclaim their works, so SGA's first step is educating them regarding their rights. Once they choose to file terminations SGA researches all necessary copyright information and files the actual termination claim with the Copyright Office (with a copy sent to the current publisher serving as notice). After the required 2 year processing time, writers and heirs are free to reclaim their works on the effective termination date and begin either self-publishing their works or entering into a new administration/publishing deal. SGA to date has helped such legendary songwriters to realize the termination rights currently available under Section 304(c)(3) of the Copyright Act as: E.Y Harburg, Gus Kahn, Johnny Mercer, J. Fred Coots, LeRoy Anderson, Harry Warren, Richard Rogers, and countless others.

Amicus American Federation of Musicians of the United States and Canada (AFM) has 100,000 professional musician members, many of whom are songwriters and recording artists who create and perform on American sound recordings, and who are entitled to the copyright termination rights at issue in this case. Among its other activities on behalf of members, the AFM works to protect the intellectual property interests of its members.

As was envisioned when the termination right was incorporated into the Copyright Act, many of Amicus American Society of Media Photographers' (ASMP) members were compelled by market forces to enter into license and transfer arrangements to their economic disadvantage. For decades, they and their heirs have been looking forward to the day when they could terminate those agreements and make new bargains on a more level playing field. If left standing, the current decision would make them, once again, vulnerable to manipulations by entities with far greater market power and rob them of the rights that Congress intended to give them. ASMP members internationally acclaimed photographers such as Ansel Adams, Philippe Halsman, Arnold Newman, Richard Avedonm, Jay Maisel, Victor Skrebneski, Joyce Tenneson, Pete Turner, and Eric Meola.

SUMMARY OF ARGUMENT

Amici strongly support petitioner's writ of certiorari because the determination in this case will have broad and profound effects on songwriters, artists and creators throughout the music industry for decades to come. The plight of songwriters presents an excellent example of the deleterious effects that the determination in this case will have on creators. In the next 10 years, the first wave of copyright termination rights under Section 203 of the Copyright Act of 1976 and under the provisions of the Copyright Term Extension Act of 1998 will become effective for some of the most famous and well-loved songs in the great canon of American popular music. Moreover, terminations of grants

will continue under Section 304 of the Copyright Act. Pursuant to the enhanced benefits provided with explicit intention to creators by Congress in these legislative acts, songwriters are poised to reclaim copyrights that music publishers have controlled for at least 35 years (and in the case of Section 304 terminations, much longer). Congress instituted the termination right as a matter of fairness, to act as an effective safety net and estate planning mechanism for artists such as songwriters, so that they would have an incentive to pursue such an economically perilous profession. SGA is familiar with this intent because it worked closely with Members of Congress during the drafting of the 1976 and 1998 legislation in question.

But the recent decision by the Second Circuit in *Steinbeck v. Penguin* threatens to nullify the very benefits that Congress intended songwriters and other creators be able to reclaim for themselves, their families, and their heirs. And given the unique business structure of the music industry, the current split between the 2nd and 9th Circuits alone on this issue is sufficient to frustrate Congress's intent because the major music publishers are headquartered on the East and West coasts. Unless the Supreme Court considers the issue and reverses the Second Circuit, the economic incentives created by Congress for songwriters and similarly situated creators to practice their profession will be substantially damaged. In order to preserve one of America's most popular cultural components and one of its most lucrative exports – music – the Second Circuit's erroneous decision must be corrected.

ARGUMENT

I. The Question Presented Is Recurring And Extremely Important To The Maintenance of Congress's Copyright Bargain.

There is significant evidence in the music industry and songwriting profession alone to confirm that the question presented in this case will recur frequently over the next twenty-five years or more. The proper resolution of this question is critical to maintain Congress's "copyright bargain" between those who create the musical works and those entities that help exploit such works commercially by acting as "middle men" between creators on the one hand and copyright users and the public on the other.

A. The Question Presented Will Recur Frequently.

Under the terms of the Copyright Act, songwriters and the heirs and estates of songwriters will have the opportunity to exercise their right to terminate previously executed grants of copyright in musical works by issuing notices of such termination pursuant to the guidelines set forth in the Act. By way of example, the following classic American musical compositions may be subject to termination in 2011 (for notice purposes) and in 2013 (for effective dates of termination purposes):

<u>1957 Class:</u> 17 U.S.C.§ (304)(d)

Title	Songwriter(s)	Copyright code	Date
Great Balls Of Fire	Otis Blackwell/ Jack Hammer	EU0000492696	1957-09-09
Come Go With Me	Clarence Quick	EU0000462410	1957-01-16
I'm Walkin'	Antoine Domino/Dave Bartholomew	EU0000464508	1957-01-31

<u>1978 Class:</u> 17 U.S.C.§ 203

Title	Songwriter(s)	Copyright code	Date
Beast Of Burden	Jagger/ Richards	PA0000021667	1978-06-26
Copacabana	Manilow/Sussma n/Feldman	PAu000009986	1978-01-16
Heart Of Glass	Harry/Stein	PA0000047164	1978-09-11

In 2012 (for notice purposes) and in 2014 (for effective dates of termination purposes), musical works copyrighted in 1958 and 1979 will become available for termination of transfers of copyright, and they include the following:

1958 Class: 17 U.S.C.§ (304)(d)

Title	Songwriter(s)	Copyright code	Date
Volare	Mitchell Parish	EU0000531892	1958-07-09
Tequila	Chuck Rio	EP0000116785	1958-02-26
Yakety Yak	Jerry Lieber/Mike Stoller	EU0000523626	1958-05-02

1979 Class: 17 U.S.C.§ 203

Title	Songwriter(s)	Copyright code	Date
We Are The Champions	Freddie Mercury	PA0000030960	1979-04-20
I Will Survive	Perren/ Fekaris	PA0000041104	1979-05-07
Don't Bring Me Down	Jeff Lynne	PA0000035638	1979-06-13

In 2016, a number of memorable songs from the fertile 1960's period of popular music (beginning in that year with songs copyrighted in 1964) will become available for termination of copyright transfers. As these examples demonstrate, an increasing and steady stream of termination rights will emerge for songwriters and their heirs beginning in 2013. There is ample evidence that the issue raised in this case will recur repeatedly with regard to some of the most significant songs of the late 20th Century.

To paraphrase a famous songwriter after whom the Sonny Bono Copyright Term Extension Act of 1998 was named, we seek to ensure that this "Beat Goes On" just as Congress intended.[2]

B. Question Presented Is Extremely Important To The Maintenance Of Congress's Copyright Bargain.

The Second Circuit's decision effectively allows music publishers to manipulate the copyright assignment and negotiation process and create an argument that the heirs of a songwriter have extinguished all terminations rights in the musical work in question. The result of this interpretation of the statutory termination right allows contractual formalities to defeat an author or creator's copyright protection, which is directly contrary to the last 30 years of U.S. copyright law.

The decision of the three-judge panel in this case is inconsistent with the intent of Congress, which intended in 17 U.S.C. 304(c) (with respect to pre-1978 musical works) and in 17 U.S.C. 203 (with respect to post-1978 works) to "level the playing field" between creators of artistic works and publishers of the same, by allowing the creator or his or her heirs to reclaim the copyright in their works that they transferred earlier in their careers, when their economic leverage was poor. As well summarized by the House Judiciary Committee

[2] Copyright data: "The Beat Goes On", Salvatore (Sonny) Bono EU0000972894, 1966-12-30

Report to the Copyright Act of 1976, a "provision of this sort is needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work's value until it has been exploited."[3] SGA is intimately familiar with this legislation, as it was involved in advocating for the current version of the termination statutes previously cited.

In testifying in favor of the Sonny Bono Copyright Term Extension Act (CTEA) before Congress in 1996, then-SGA President George David Weiss (author of "What A Wonderful World") illuminated the underlying reasons for term extension and preservation of the underlying termination rights[4]:

> "Term extension has been an issue of paramount importance to those of us committed to the protection of American composers and intellectual property for some time."

> "While I believe the economic and trade-related arguments in favor of term extension are persuasive on their own, as a writer I must confess I am most concerned about how the failure

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[3] H. Rept. No. 94-1476, 94th Cong, 2d Sess, at 124

[4] Prepared Statement of George David Weiss, President, The Songwriters Guild of America. *Music licensing and small business hearing before the Committee on Small Business, House of Representatives, 104th Cong., 2d. Sess., May 1996.*

> to pass such legislation will affect our national culture. Many of our most revered American songs, like "Stars and Stripes Forever," "Over There," and "Swanee," have already fallen into the public domain. Other great works are soon to follow.
>
> "If we are to foster the creativity responsible for such national treasures we must make certain that writers are treated fairly and have the incentive to create new works. Those with talent to write need to be nurtured, and in the real world this means giving them some confidence that our system of laws will protect their creations and allow them to support their families while they are alive and after they are gone. By assuring that creators can provide a legacy for their heirs, term extension will help on this score as well."

Music publishers at that time proposed that half of the additional 20 years of copyright term be maintained by any assignee of the copyright, thus effectively increasing the termination waiting period from 35 years to 45 years. Congress, however, rejected that proposal. SGA was actively involved in ensuring that the original 35-year bargain was left untouched, so that the provision remained sympathetic to authors and their heirs. This policy decision was reflected in testimony during

congressional debate over the CTEA by the Register of Copyrights,[5] Marybeth Peters, who stated:

> "S. 483 would extend the term of copyright for 20 additional years without making any special provision for ownership of the additional years of protection. If enacted it would continue the transfer and termination of transfer provisions of the 1976 Copyright Act. The result would be that transferees of copyrights would be the beneficiaries of the additional 20 years of copyright protection unless the transferor made a timely termination of the transfer.
>
> When enacting the 1976 Copyright Act, Congress was faced with a similar extension of the term of copyright; as stated earlier, the existing term of 56 years was extended by 19 years for a total of 75 years. There was considerable debate as to who should be the beneficiary of those extra 19 years, the author or the owner of a copyright that had been transferred.

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[5] Prepared Statement of Marybeth Peters, Register of Copyright and Associate Librarian for Copyright Services. *Copyright term, film labeling, and film preservation legislation: hearings before the Subcommittee on Courts and Intellectual Property of the Committee on the Judiciary, House of Representatives, 104th Cong., 1st Sess., June 1 and July 13, 1995.*

> Congress chose not to vest the rights in those extra years in the authors where such authors had transferred their rights.
>
> Instead it created a mechanism by which authors could reclaim those rights from transferees--a right of termination. With respect to such works the Copyright Office has received and recorded notifications of termination from 1978 to the present.
>
> ***On balance, it seems that authors should be beneficiaries of the unexpected 20 additional years of copyright protection.***

Congress, at the urging of SGA and other authors' organizations, elected to follow the advice of the Register of Copyrights. The entire 20-year extended copyright term was provided to authors if they or their heirs or estates chose to exercise their termination right. Music publishers during the debate over the CTEA sought 10 years of the additional 20-year copyright term, but Congress refused to provide them that benefit. Unfortunately, the Second Circuit just granted the publishers this benefit in its recent decision. The Second Circuit's decision was clearly without statutory basis, is also improper copyright policy, and should be reversed.

C. The Second Circuit Is Misreading The Sonny Bono Copyright Term Extension Act (CTEA).

The Second Circuit decision thwarts the intention of the CTEA, which was to allow authors and their heirs the opportunity to benefit from the additional 20 years of copyright term provided by the 1998 law. Regrettably, the Second Circuit decision provides a "road map" for any publishing corporation with access to significant legal resources to frustrate Congress's intended beneficiaries.

Contrary to the intent of the termination right sections of the Copyright Act, the decision below would allow music publishers to retain rights that Congress intended be terminable. The ability of music publishers to use their significant economic leverage to take advantage of the individual heirs (or the estate) of a songwriter would simply overwhelm the weaker party -- the creator. Congress clearly did not intend for such a dilution of the termination right to occur, yet this result would be all too common in the music industry, where individual creators and artists are frequently overpowered by the vertically integrated companies that own both record labels and music publishing houses.[6]

[6] See, e.g., S. Garfield, *Money for Nothing: Greed and Exploitation in the Music Industry* (1986); Future of Music Coalition mission statement: "The history of the American Music Industry is a disheartening one, which largely details the exploitation of artists and musicians by opportunists and those without the musicians' best interests at heart." http://www.futureofmusic.org/manifesto/, visited March 13, 2009. See also, M.W. Krasilovsky and S. Shelem *This Business*

Sections 304(c)(3) and 203 of the Copyright Act are relatively straightforward, in that they provide a window during which notice must be given prior to the expiration of the 35-year period (for post-1978 works) or of the 56-year period (for pre-1978 works) of copyright transfer, and after such notice is given, the author of a work may reclaim the copyright that he or she originally assigned to a publisher. The all-too-common music industry scenario described in the prior paragraph is facilitated by the Second Circuit's decision, but is contrary to the structure and plain meaning of the termination-right provisions.

The Second Circuit decision is also inconsistent with significant amendments to US copyright law in 1978 and 1988, which sought to reduce the incidence of "formalities" that would defeat a finding of copyright in a work. The Copyright Act of 1976 deleted the requirement that copyrights be renewed in order to last for their full term, establishing the concept of copyright term being for the life of the author plus a defined period of years, with no "renewal formality" present to defeat the full protection of the work. 17 U.S.C. 302(a). The United States then adhered to the Berne Convention in 1988, which provided a more coherent rationale for the protection of intellectual property and which further discouraged any "formalities" that could defeat copyright law

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of Music: the definitive guide to the music industry, 8th ed, (2000) at 24-25, describing critical terms in contracts between music publishing companies and songwriters.

being utilized to give economic incentives to authors to create and disseminate their works. Berne Convention for the Protection of Literary and Artistic Works (Paris 1971).[7] The Second Circuit decision flies directly in the face of this clear trend in U.S. copyright law, by allowing a publishing entity to use a contractual formality to defeat a copyright termination right intended to benefit an author's entire estate. Such a result would further frustrate songwriters and other artists from entering or remaining in their industry, and is directly contrary to the last 30 years of U.S. copyright law and policy.

II. The Second And Ninth Circuits Are Intractably Divided On The Question Presented

A. A Split Between the 2nd and 9th Circuits Is Sufficient To Require Review For The Music Industry.

A split between the 2nd and 9th Circuits alone is sufficient to create confusion in the music industry. Almost all of the critical music copyright cases arise in these two circuits, given the concentration of the music industry on the East and West coasts. It would be highly disruptive to the music industry in general, and to songwriters in particular, for these two critical circuits to be in conflict on an issue as

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[7] WORLD INTELLECTUAL PROPERTY ORGANIZATION. (1978). *Guide to the Berne convention for the protection of literacy and artistic works (Paris act, 1971).* WIPO publication, no. 615. Geneva, World Intellectual Property Organization.

important as this one, and that conflict will manifest itself beginning in 2011 -- only two years away.

B. All Major Music Publishers May Commence Actions In 2nd Circuit.

There are four "major" music publishing companies in the United States: EMI, Warner, Universal and Sony. All of them have principal offices in New York. As a result, each can commence litigation against a songwriter seeking termination of his or her copyright transfer in the Circuit that is misinterpreting the benefits Congress intended to bestow on songwriters and other authors and creators. Given their vastly superior legal resources, the publishing companies almost certainly will initiate such legal actions, thus frustrating songwriters and their heirs and estates from enjoying the benefits created by Congress to provide financial safety-nets and security to this economically precarious profession. Although the Supreme Court often waits for additional Circuits to speak on an issue before agreeing to resolve a split, there is no legal benefit to waiting here – and great potential economic and legal harm to songwriters -- if the current split between the 2nd and 9th Circuits is not immediately resolved.[8]

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[8] **EMI Music** Publishing:75 9th Ave. New York, NY 10011 United States; **Warner Music Group**:75 Rockefeller Plaza New York, NY 10019 United States; **Universal Music Group**:1755 Broadway New York, NY 10019 United States; **Sony/ATV Music Publishing LLC**:550 Madison Ave., 5th Fl. New York, NY 10022 United States

CONCLUSION

For the reasons set forth above and in Petitioners' brief, this Court should grant the Petition for a Writ of Certiorari requested in this case.

Respectfully submitted,

Charles J. Sanders
Counsel of Record
Songwriters Guild of America
Attorney at Law, PC
29 Kings Grant Way
Briarcliff Manor, NY 10510

Carl W. Hampe
Of Counsel
Songwriters Guild of America
Baker & McKenzie LLP
815 Connecticut Ave., NW
Washington, D.C. 20006

Dated: March 19, 2009