A Hole In the Blanket: The Gap Between New Media Delivery and Institutional Licensing

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Abstract

Over the past decade, intellectual property issues created by technological advances in media have produced a plethora of legislation, court rulings and settlements. Regulatory controls and legal battles are forced to play "catch-up" with the capabilities of new technology, as witnessed by the Digital Millennium Copyright Act, landmark court decisions in both the Napster and Grokster cases, and the out-of-court settlement with Kazaa. As the speed of technological advances in media delivery and access increases, so does the gap.

For example, while One Tier blanket licenses for educational institutions from ASCAP and BMI are renewed annually, the license agreements are updated every five to seven years. As new media such as audio and video podcasting, class blogs, wikis and class websites become commonplace by incorporation into curriculum, such media are neither defined nor specifically covered in the license agreements. This technology gap potentially leaves institutions at risk of copyright infringement.

This paper examines current technologies not yet covered by PRO licenses, limitations these licensing issues may pose to institutions, and measures the institutions should take to protect their interests while minimizing liability.

Introduction

Rapid developments in communication and media technologies have significantly increased the amount of available content as well as ease of access to that content. Our vocabulary has expanded over the last decade to include the terms webcast, podcast, stream, download (tethered or untethered), blog, MP3 and P2P, to name a few. We speak this language fluently. New methods of delivery and acquisition have either blurred or obliterated established guidelines for licensing and fair use of copyrighted material. The result of the widening gap between existing copyright law and new media technologies is confusion and uncertainty. The impact of this affect stretches from commercial entities to academic institutions. Some may question whether current laws are even applicable to such new technologies. We are sailing in murky, uncharted waters.

Evidence of major issues currently undecided by this gap is commonplace. Recent

lawsuits include National Music Publishers Association (NMPA) claiming massive copyright infringement against XM Satellite Radio.[1] In this action, which follows a similar suit brought last year by the Recording Industry Association of America (RIAA), the NMPA asserts that the new XM + MP3 service provides music download capabilities, which is unauthorized use of copyrighted material.[2] Media behemoth Viacom files suit against Google for unlicensed use of its content on YouTube.[3] Such legal battles support the contention that "[t]he law has never been very good at keeping up with technological innovations."[4] Another example of the law vs. technology gap can be witnessed by the years of debate over the question whether the mechanical compulsory license applies to ringtones.[5] In October 2006, The Registrar of Copyrights determined that, in general, ringtones are not derivative works and the compulsory license does apply.[6] The financial impact is significant to record labels and publishers. In particular, had the Registrar's decision supported the derivative work theory, publishers could negotiate their own rates for individual works.

Finally, even the ubiquitous podcast poses a myriad of legal questions if the content incorporates use of copyrighted material, such as music. Two different licenses are possibly involved: performance and mechanical. The former encompasses public performances of music, which include terrestrial radio, television, live musical performances and webcasts. In the United States, performance licenses are issued by the three Performing Rights Organizations (PRO): ASCAP, BMI and SESAC. A mechanical license is required to copy and distribute a copyrighted musical work, as with CDs or digital downloads, and is available directly from the publisher or through the Harry Fox Agency. The yet unanswered questions forced by the proliferation of the little white

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[1] "Music Publishers File Federal Lawsuit Against XM Satellite Radio" NMPA Press Release (2007), http://www.nmpa.org/pressroom/showrelease.asp?id=129

[2] Sarah McBride, *Music Publishers Sue XM Radio Over Songs Stored on Receivers*, The Wall Street Journal B3 (Mar. 23, 2007).

[3] John David Sparks and David A. Kaplan, "*Battle Royale: How the Viacom-Google Fight Could Impact Copyright Law For Years To Come*", Newsweek (Mar. 16, 2007).

[4] *Ibid.*

[5] 17 U.S.C.A. §115(a) (West 2005)

[6] *In The Matter of Mechanical and Digital Phonorecord Delivery Rate Adjustment Proceeding*, Registrar of Copyrights, Memorandum Opinion, Docket No. RF 2006-1 (Oct. 16, 2006), http://www.copyright.gov/docs/ringtone-decision.pdf

wunder-device (now available in assorted colors) only begin with, "is it a download or a stream?" This begs the question, "is it a public performance requiring a performance license from a PRO, or a mechanical license from Harry Fox?" Both sides claim control and require licenses.[7] (Note: this podcast discussion is limited to the possible inclusion of a copyright protected work such as a musical work. Additional considerations involving use and authorization of the Sound Recording and the need for Synchronization licensing for video podcasts are not included for reasons of brevity.) However, while the U.S. Copyright Office acknowledges the debate, the issue remains "unsettled".[8] This legal quandary is virtually spelled out by the Copyright Office in its May 2006 Statement before the Subcommittee on Courts, the Internet, and Intellectual Property, Committee on the Judiciary regarding the pending Section 115 Reform Act (SIRA):

> [SIRA] does not resolve other situations involving arguably duplicative payments demanded by copyright holders' representatives for both the performance as well as the reproduction and distribution rights when a musical work is delivered by a mechanism which is not clearly solely a distribution or a performance… In fact, because the resolution of that issue is so difficult due to the positions taken by music publishers and performing rights organizations, it is actually a virtue of the SIRA that it defers resolution of that intractable issue to another day.[9]

Given the aforementioned examples, it does not require a leap of faith to conclude that new technology tests the boundaries of our laws governing intellectual property. There is considerable risk, however, for the party that operates willfully or otherwise within the gray area created by this "gap". One such party that is uniquely affected by this gap is the educational institution, namely colleges and universities. For the general purpose of this discussion, the primary focus here will be based on the use of copyrighted music.

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[7] ASCAP states, "Every Internet transmission of a musical work constitutes a public performance of that work. The ASCAP license authorizes these performances for works in the ASCAP repertory." http://www.ascap.com/weblicense/webfaq.html.
See also http://www.bmi.com/licensing/entry/532999;
http://sesac.com/licensing/internet_licensing_faq.aspx;
Harry Fox does not offer podcast licenses, but a mechanical license is necessary to reproduce and distribute copies of a musical composition.
http://harryfox.com/public/infoFAQDigitalLicensing.jsp.

[8] *DMCA Section 104 Report*, p. 147, U.S. Copyright Office (Aug. 2001), http://www.copyright.gov/reports/studies/dmca/dmca_study.html.

[9] http://www.copyright.gov/docs/regstat051606.html

Blanket licenses for educational institutions allow for use of the licensor's catalog for public performance of those works within defined applications. The most common license for large colleges and universities is the One Tier License, available from ASCAP, BMI and SESAC. The grant of rights in the BMI One Tier license include,

> "live or recorded performances by or at the college or university's: Internet or Intranet sites or services including webcasts of campus radio station broadcasts, regular campus radio broadcasts, cable TV systems, sporting events, student unions, fraternities/sororities, musical attractions promoted solely by the college, classrooms, fairs, festivals, fitness centers, athletic facilities, socials, college bands, college theater groups, college orchestras, music-on-hold, special events such as orientation and graduation."[10]

The ASCAP One Tier varies only slightly in its coverage.[11] The inclusion in the current license agreements referencing "Internet or Intranet sites or services" is broad, and does not address any potential issues created by the distribution of media by downloading or podcasting. While these licenses are renewed on a yearly basis, the terms of the agreement remain unchanged for five years or more.[12] During that extended term, technology has spawned devices and enabled media with capabilities unaddressed by the standing agreement. A simple case in point: podcasting.

Apple delivered the first generation iPod in 2001, which served primarily as a music playback device.[13] By 2004, another purpose was becoming widely accepted for the device, namely podcasting, allowing users to post, distribute and receive various media files, such as audio, text and images (and later video), over the internet.[14] Within a university environment, the applications for this form of media creation, distribution and acquisition are manifold. Podcasting is firmly anchored in contemporary curriculum, from news and cinema to audio and video production. Recorded institutional sponsored events including guest lectures, workshops and conferences are posted as podcasts. A search of "podcast" on the Southern Illinois University Carbondale website yields

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[10] http://www.bmi.com/licensing/entry/533013.
[11] http://www.ascap.com/licensing/pdfs/educational.pdf.
[12] "The term of this latest agreement is five years, beginning July 1, 2002 and ending June 30, 2007." http://www.bmi.com/licensing/entry/533013.
[13] "A Brief History of the iPod: 5 Years Old Today," http://techdigest.tv/2006/10/a_brief_history.html.
[14] http://en.wikipedia.org/wiki/History_of_podcasting.

numerous results for classes incorporating podcasts, workshops on podcasting, as well as podcasts of events on campus.[15] The likelihood that copyrighted content will find its way into any of these podcasts is not unrealistic. Possible scenarios include podcasts with video of a local band performing a cover song; a news segment created for a television production class with music lead-in and lead-out; or film clips from a critique class.

Some may argue that podcasting in the university setting is a "Fair Use" issue.[16] However, if the podcasts are openly accessible to the public (not in a password protected folder on the institution's server), defenses of "Fair Use" or exceptions to infringement set forth in §110 of the Copyright Act are unlikely to apply.[17] This "overstepping" the Fair Use doctrine would also apply to any copyrighted material including photographic images and texts used in the educational setting, where it could accessed by the public by being stored on a non-secure server.

Reliance on the blanket license obtained by universities is also problematic. The blanket licenses lack specific language, the absence of which may expose the institution to liability should a copyright holder or its agent challenge the institution's use in certain areas. The current interpretation of the statute by the PRO's was reflected by Chris Amenita, head of New Media Licensing for ASCAP in New York, during a phone interview in February 2007 with this author. He expressed that ASCAP's interpretation of the statute is that the digital transmission is a public performance, and for now, this interpretation enables the PRO's to offer the institution assurance that the current agreements sufficiently address these applications. However, the PRO's own interpretation does not definitively decide whether a podcast is a "public performance". Whether the PRO has jurisdiction over podcasts will be ultimately determined by legislation or by court ruling. Therefore, it is not completely safe to rely on the current licenses. Further, it is speculation to expect succinct language regarding technologies such as podcasting to be incorporated into the next draft of licensing agreements. Even if such issues are expressly defined to cover current technologies, we can only wonder what technologies will emerge during the next license term that will create another, perhaps

[15] http://www.googlesyndicatedsearch.com/u/siu?sitesearch=siu.edu&domains=siu.edu&q=podcast&sa=Go

[16] 17 U.S.C.A. § 107 (West 2006).

[17] 17 U.S.C.A. § 110(2)(C) (2005).

wider gap or larger gray area.

There may be relief from these uncertainties, such as a simple licensing mechanism that balances the interests of the copyright holders with the needs of the institutions (or in the commercial environment, the distributors of content). For example, such a scheme is proposed by the Copyright Office to reform Section 115 of the Copyright Act (SIRA), in regards to simplifying clearance of all rights needed by digital music delivery services "to make large numbers of musical works quickly available by an ever-evolving number of digital means while ensuring that the copyright holders are fairly compensated."[18] While in the same statement, the Copyright Office suggests that the parties resolve the performance vs. mechanical debate "on their own,"[19] a single blanket license that combines both licenses is but one possible outcome. Another avenue is a new licensing agency or organization that serves all these interests. SoundExchange is an example of such an organization that was created to collect performance royalties for sound recording copyright owners (SRCOs) on certain digital transmissions, including digital cable and satellite radio.[20] Unlike many other countries, the United States does not have a general performance right for sound recordings. Therefore, in the U.S., copyright owners of sound recordings are not compensated for performances of those recordings, except that performance rights were granted to SRCOs on certain digital transmissions with the enactment of The Digital Performance Right in Sound Recordings Act of 1995 (DPRA) and the Digital Millennium Copyright Act of 1998 (DMCA).[21] Collection and distribution of royalties for these performances are specifically what SoundExchange was created to handle.

One might also ask if the colleges and universities would seriously become targets of infringement claims, and who might instigate such a claim? While the RIAA is not currently holding universities liable for illegal file sharing, they are targeting students enrolled in colleges across the country. In the first quarter of 2007, the RIAA sent over 800 "pre-litigation" letters to thirty-six universities notifying the institutions of infringing activity occurring on their networks and requesting that the school "forward that letter to

[18] http://www.copyright.gov/docs/regstat051606.html
[19] *Ibid*.
[20] http://www.soundexchange.com/about/about.html
[21] *Ibid.*

the appropriate network user."[22] The file tracking ability demonstrates the detection capability as well as the determination of the RIAA in combating illegal use. The RIAA's stand on institutional liability could change if rampant infringement is in some way facilitated by the institution. For example, if podcasting becomes so incorporated into college curriculum and student projects as well as being utilized as an archival and distribution medium of recorded events pertinent to the institution, then the possibility of institutional liability becomes a reality. Plaintiffs could also include any creators of educational materials or producers of content that may be used for educational purposes such as book publishers or video and movie production companies.

While the institution's intentions are assumed to be positive and innocent, the facilitating or enabling of infringement on its own network may make it liable. The concept of "contributory infringement" has been debated in the courts, including in *RIAA v. Verizon*[23], and *Aimster Copyright Litigation*,[24] culminating in the U.S. Supreme Court case, *MGM v. Grokster*.[25] These cases involved illegal file sharing claims, and one of the key issues was whether an internet service provider (ISP) or website operator can be held liable for "contributory and vicarious infringement" even if they are not directly infringing. In our institutional setting, the college assumes the role of ISP by operating its own network, and offering service to faculty, staff and students. "But firms that facilitate their infringement, even if they are not themselves infringers because they are not making copies of the music that is shared, may be liable to the copyright owners as contributory infringers."[26] A safe harbor defense is available in some circumstances to ISPs under the DMCA.[27] The safe harbor defense failed in the Aimster case, as the court held that "Far from doing anything to discourage repeat infringers of the plaintiff's copyrights, Aimster invited them to do so…"[28] In *Grokster*, now the binding authority on the issue, the court

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[22] http://www.riaa.com/news/newsletter/022807.asp and http://www.riaa.com/news/newsletter/032107.asp.
[23] *Recording Industry Association of America v. Verizon Internet Services, Inc*., 351 F.3d 1229 (D.C. Cir. 2003).
[24] *In re: Aimster Copyright Litigation*, 334 F.3d 643 (7th Cir. 2003).
[25] *Metro-Goldwyn-Mayer Studios v. Grokster, Ltd.*, 545 U.S. 913 (2005).
[26] *Aimster*, 334 F.3d at 645.
[27] 17 U.S.C.A. §512(a) (West 2005).
[28] *Ibid.*

adopted the "inducement rule," which it described as "[e]vidence of active steps taken to encourage direct infringement, such as… instructing how to engage in infringing use…".[29] While Grokster was not a direct infringer, they were held liable for the infringement by third parties resulting from their inducement.[30]

Safe Harbor for universities is narrowly constructed. Under the DMCA, the statute states that the university is not liable if a faculty member's or teaching graduate student's infringement is not related to teaching or research.[31] However, if protected materials are used by a faculty member for required coursework, the institution is not immune. In our example of the college that utilizes podcasting for posting of course materials and assignments, or transmission of events (such as recorded class lectures, visiting speakers or recitals), the institution's role is more than a blind provider or conduit; it is active participant and possibly a contributory infringer. If curriculum includes instruction and assignments involving podcasting, the direction by the school is clearly inducement.

If the One Tier license does not completely cover such uses, and if the Fair Use or Safe Harbor doctrines may not apply, the institution must implement policy to reduce exposure to liability. Following are suggestions for safeguarding the legal welfare of the school:

1. Determine if your institution has licensing agreements with ASCAP, BMI and SESAC. If so, determine if the license adequately covers the needs of the school.
2. Consider licensing music from a music library such as FirstCom, Killer Tracks or Network Music (the latter two are owned by BMG).[32] The music and production quality are very high, with diverse licensing plans to fit a wide variety of applications.
3. License-free music is available in various forms. For podcasts, there are numerous sites that offer "podsafe" music.[33] Creative Commons offers links to audio

[29] *Metro-Goldwyn-Mayer Studios*, 545 U.S. at 936.
[30] *Ibid*. at 941.
[31] 17 U.S.C.A. 512(e) (West 2005).
[32] http://liveus.alternetinc.com/default.aspx?skipsplash=yes&skiplaunchpage=
[33] For a list of links to "podsafe" music, see http://soundblog.spaces.live.com/Blog/cns!1pXOS7l93k8mqeQ7FlEEmOSQ!907.entry

resources online, including Creative Commons licensed music and sounds.[34]

4. Use music that is in the Public Domain. The term of copyright has expired, and can be used without permission and without payment of royalties.[35] However, this only covers the musical work; it does not mean that the sound recording of that work is in the Public Domain, in which case, you may still need permission to use the sound recording.
5. Perhaps the safest method to ensure compliance is to implement the specific guidelines outlined in the TEACH Act of 2002. The purpose of the legislation was to revise the U.S. Copyright Act to allow for certain uses of copyrighted material in distance education. Such an offering would generally require use of technology that may compromise compliance with copyright laws, such as placing course materials on a server for students to remotely retrieve the information. Prior to the TEACH Act, such use was not permitted. While the Act does expand the ability to effectively teach beyond the walls of the classroom, it does so with strict guidelines. For example, this only applies to accredited, non-profit educational institutions; the Act requires the school to have an institutional policy regarding compliance with copyright law; the recipients must be limited to enrolled students and staff; and efforts must be made to reduce the possibility of further dissemination of the material.[36] In essence, placing the copyrighted materials on an institution's server, in a passcode-protected folder that only the course-enrolled students have access to, for a limited time are all practices that could help insulate the institution from liability.
6. Last, as discussed in the TEACH Act, an institutional policy is essential, but is ineffective without education and enforcement. Administrators, faculty staff and students must be informed of the institution's policy, basic rules of copyright, and the resulting responsibilities of the parties. Many institutions require personnel

[34] http://creativecommons.org/audio/

[35] To assist in determining whether a piece of music is in the Public Domain, the following sites may be beneficial: http://fairuse.stanford.edu/Copyright_and_Fair_Use_Overview/chapter8/index.html, http://www.pdinfo.com/ and http://www.unc.edu/~unclng/public-d.htm.

[36] For text of the TEACH Act, see http://www.copyright.iupui.edu/sec110(2).htm.

training, testing or seminar attendance regarding ethics and sexual harassment. As part of the institution's policy, a required short presentation, DVD tutorial, or even a podcast on the subject of copyright could be offered.

Conclusion

There is a hole in the blanket. It is created by rapid advances in technology that leave gaps between licensing and statutory protection. How and when these issues will be resolved is beyond uncertain. Significant copyright reform, if it is to occur, is years, if not decades away. A multitude of amendments will most likely continue to fill the books, as witnessed by the pending SIRA. The outcome of pending litigation will be significant in determining how the courts may interpret future divisive issues. As for the present, institutions are sometimes left without clear rules or protection when addressing numerous technology driven needs. Satisfying both compliance with the law and the need to utilize and teach current technologies to remain competitive may be unachievable. As this "gap" potentially widens while the law struggles to keep up, the necessity for awareness and diligence on the part of the institution increases. A possible benefit from such diligence and practice could include an overall increase in understanding of our current responsibility regarding the law, which could have the effect of lowering piracy on campus. Alternative licensing mechanisms may flourish, such as Creative Commons, bolstering access to more license-free content for non-commercial use. And, the original intent, to minimize exposure to institutional liability, is accomplished. If we must sail in uncharted waters, best we have a sound rudder.