

## Ninth Circuit Harmonizes With IP Holders

The Recorder  
By **Zusha Elinson**  
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Those of you who don't know the words to Bonnie Tyler's karaoke classic "**Total Eclipse of the Heart**" may be in trouble because of a new Ninth Circuit opinion.

The appellate panel ruled Wednesday (.pdf) that karaoke purveyors must not only get a copyright license for the music they use, but also for the lyrics.

Neil Smith, an intellectual property veteran with Sheppard, Mullin, Richter & Hampton in San Francisco, said the decision is the Ninth Circuit's first clear rendition of what constitutes fair use in the world of karaoke.

"It's helpful to know where the Ninth Circuit stands on that," said Smith, who was not involved in the case. "There is often unpredictability on the judgment call courts make on fair use. As things become more common and accepted by the public, the courts tend to see it more as fair or having a right to exist."

The cacophonous court dispute arose after BMG Music Publishing demanded that Leadsinger and other karaoke machine makers pay for a "lyric reprint" fee and a "synchronization fee" on top of the compulsory mechanical licenses to the music under Section 115 of the Copyright Act. Leadsinger refused and filed for declaratory judgment in U.S. district court for the Central District of California in 2004.

The Ninth Circuit U.S. Court of Appeals panel — Judges Milan Smith Jr. and Diarmuid O'Scannlain, with Oregon U.S. District Judge Michael Mosman sitting by designation — harmonized with the trial court. Smith's ruling concluded that displaying lyrics along with the music isn't fair use, but rather for the purpose of commercial gain.

Leadsinger's attorneys from Brown Rudnick Berlack Israels argued that words were included for educational purposes. They also claimed there's not a market for song lyrics alone, and they noted that copyright holders don't make record companies pay to print their lyrics.

Leadsinger also tried to persuade the court that its karaoke products fell under the definition of a "phonorecord," like a CD or a record, and should only be subject to the compulsory license. But the appellate panel sided with the trial court, finding that karaoke songs are "audiovisual works," like movies, and karaoke companies have to get additional licenses for the lyrics.

"There are some serious problems with the decision," said Anthony Handal, the Brown Rudnick lawyer who argued the case. "If you read this decision, you have to be led to the conclusion that any work displayed on a computer is an audiovisual work, and I've got a real problem with that. ... I believe this decision puts a cloud on all electronic media."

Karen Thorland, the Loeb & Loeb partner in Los Angeles who represented BMG, said she couldn't comment on the case. She referred questions to BMG's new owner, Universal Music Group, whose representatives did not return calls late Wednesday.

Sheppard, Mullin's Smith said he wasn't surprised by the decision, but said that the Ninth Circuit can be unpredictable when it comes to fair use. For instance, another panel sang a different tune in a [May 16 ruling](#) that found Google didn't violate an adult magazine's copyrights by including thumbnail pictures from the magazine's Web site in search results, he noted.

"The Ninth Circuit tends to find fair use where others might not," Smith said.



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Another San Francisco IP veteran, James Wagstaffe of Kerr & Wagstaffe, said the fair use decision makes sense given the nature of the work at issue. "Music or a song takes a lot of creativity and time," he said.

Handal said the case isn't necessarily over, holding out hope that it hasn't been a total eclipse of his arguments.

"I think that an appeal would make sense, and my client certainly is considering it," he said.

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