BRIDGEPORT MUSIC, INC. v. DIMENSION FILMS

410 F.3d 792 (6th Cir. 2005)

Plaintiffs, Bridgeport Music, Inc., Westbound Records, Inc., Southfield Music, Inc., and Nine Records, Inc., appeal from several of the district court's findings with respect to the copyright infringement claims asserted against No Limit Films. This action arises out of the use of a sample from the composition and sound recording "Get Off Your Ass and Jam" ("Get Off") in the rap song "100 Miles and Runnin'" ("100 Miles"), which was included in the sound track of the movie *I Got the Hook Up (Hook Up*). Specifically, Westbound appeals from the district court's decision to grant summary judgment to defendant on the grounds that the alleged infringement was *de minimis* and therefore not actionable. Bridgeport, while not appealing from the summary judgment order, challenges instead the denial of its motion to amend the complaint to assert new claims of infringement based on a different song included in the sound track of *Hook Up*. Finally, Bridgeport, Southfield, and Nine Records appeal from the decision to award attorney fees and costs totaling $ 41,813.30 to No Limit Films under 17 U.S.C. §505. For the reasons that follow, we reverse the district court's grant of summary judgment to No Limit on Westbound's claim of infringement of its sound recording copyright, but affirm the decision of the district court as to the award of attorney fees and the denial of Bridgeport's motion to amend.

I.

The claims at issue in this appeal were originally asserted in an action filed on May 4, 2001, by the related entities Bridgeport Music, Southfield Music, Westbound Records, and Nine Records, alleging nearly 500 counts against approximately 800 defendants for copyright infringement and various state law claims relating to the use of samples without permission in new rap recordings. In August 2001, the district court severed that original complaint into 476 separate actions, this being one of them, based on the allegedly infringing work and ordered that amended complaints be filed.

The claims in this case were brought by all four plaintiffs: Bridgeport and Southfield, which are in the business of music publishing and exploiting musical composition copyrights, and Westbound Records and Nine Records, which are in the business of recording and distributing sound recordings. It was conceded at the time of summary judgment, however, that neither [*796] Southfield Music nor Nine Records had any ownership interest in the copyrights at issue in this case. As a result, the district court ordered that they be jointly and severally liable for 10% of the attorney fees and costs awarded to No Limit Films.

Bridgeport and Westbound claim to own the musical composition and sound recording copyrights in "Get Off Your Ass and Jam" by George Clinton, Jr. and the Funkadelics. We assume, as did the district court, that plaintiffs would be able to establish ownership in the copyrights they claim. There seems to be no dispute either that "Get Off" was digitally sampled or that the recording "100 Miles" was included on the sound track of *I Got the Hook Up*. Defendant No Limit Films, in conjunction with Priority Records, released the movie to theaters on May 27, 1998. The movie was apparently also released on VHS, DVD, and cable television. Fatal to Bridgeport's claims of infringement was the Release and Agreement it entered into with two of the original owners of the composition "100 Miles," Ruthless Attack Muzick (RAM) and Dollarz N Sense Music (DNSM), in December 1998, granting a sample use license to RAM, DNSM, and their licensees. Finding that

No Limit Films had previously been granted an oral synchronization license to use the composition "100 Miles" in the sound track of *Hook Up*, the district court concluded Bridgeport's claims against No Limit Films were barred by the unambiguous terms of the Release and Agreement. Although Bridgeport does not appeal from this determination, it is relevant to the district court's later decision to award attorney fees to No Limit Films.

Westbound's claims are for infringement of the sound recording "Get Off."[1] Because defendant does not deny it, we assume that the sound track of *Hook Up* used portions of "100 Miles" that included the allegedly infringing sample from "Get Off." The recording "Get Off" opens with a three-note combination solo guitar "riff" that lasts four seconds. According to one of plaintiffs' experts, Randy Kling, the recording "100 Miles" contains a sample from that guitar solo. Specifically, a two-second sample from the guitar solo was copied, the pitch was lowered, and the copied piece was "looped" and extended to 16 beats. Kling states that this sample appears in the sound recording "100 Miles" in five places; specifically, at 0:49, 1:52, 2:29, 3:20 and 3:46. By the district court's estimation, each looped segment lasted approximately 7 seconds. As for the segment copied from "Get Off," the district court described it as follows:

> The portion of the song at issue here is an arpeggiated chord - that is, three notes that, if struck together, comprise a chord but instead are played one at a time in very quick succession - that is repeated several times at the opening of "Get Off." The arpeggiated chord is played on an unaccompanied electric guitar. The rapidity of the notes and the way they are played produce a high-pitched, whirling sound that captures the listener's attention and creates anticipation of what is to follow.

No Limit Films moved for summary judgment, [*797] arguing (1) that the sample was not protected by copyright law because it was not "original"; and (2) that the sample was legally insubstantial and therefore does not amount to actionable copying under copyright law.

Mindful of the limited number of notes and chords available to composers, the district court explained that the question turned not on the originality of the chord but, rather, on "the use of and the aural effect produced by the way the notes and the chord are played, especially here where copying of the sound recording is at issue." *Id.* The district court found, after carefully listening to the recording of "Get Off," "that a jury could reasonably conclude that the way the arpeggiated chord is used and memorialized in the 'Get Off' sound recording is original and creative and therefore entitled to copyright protection." *Id.* (citing *Newton v. Diamond*, 204 F. Supp. 2d 1244, 1249-59 (C.D. Cal. 2002)) (later affirmed on other grounds at 349 F.3d 591 (9th Cir. 2003)). No Limit Films does not appeal from this determination.

Turning then to the question of *de minimis* copying in the context of digital sampling, the district court concluded that, whether the sampling is examined under a qualitative/quantitative *de minimis* analysis or under the so-called "fragmented literal similarity" test, the sampling in this case did not "rise to the level of a legally cognizable appropriation." Westbound argues that the district court erred both in its articulation of the applicable standards and its determination that there was no genuine issue of fact precluding summary judgment on this issue.

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[1] Sound recordings and their underlying musical compositions are separate works with their own distinct copyrights. *See* 17 U.S.C. §102(a)(2), (7).

On October 11, 2002, the district court granted summary judgment to No Limit Films on the claims of Bridgeport and Westbound; dismissed with prejudice the claims of Southfield and Nine Records; denied as moot the motion of Bridgeport and Westbound for partial summary judgment on the issue of copyright ownership; and entered final judgment accordingly. Bridgeport and Westbound appealed. The facts relevant to the earlier denial of Bridgeport's motion to amend the complaint will be discussed below. No Limit Films filed a post-judgment motion for attorney fees and costs, which the district court granted for the reasons set forth in its memorandum opinion and order of April 24, 2003. Bridgeport, Southfield Music, and Nine Records appealed from that award.

II.

The district court's decision granting summary judgment is reviewed *de novo*. In deciding a motion for summary judgment, the court must view the evidence and reasonable inferences in the light most favorable to the nonmoving party. Summary judgment is appropriate when there are no genuine issues of material fact in dispute and the moving party is entitled to judgment as a matter of law.

In granting summary judgment to defendant, the district court looked to general *de minimis* principles and emphasized the paucity of case law on the issue of whether digital sampling amounts to copyright infringement. Drawing on both the quantitative/qualitative and "fragmented literal similarity" approaches, the district court found the *de minimis* analysis was a derivation of the substantial similarity element when a defendant claims that the literal copying of a small and insignificant portion of the copyrighted work should be [*798] allowed. After listening to the copied segment, the sample, and both songs, the district court found that no reasonable juror, even one familiar with the works of George Clinton, would recognize the source of the sample without having been told of its source. This finding, coupled with findings concerning the quantitatively small amount of copying involved and the lack of qualitative similarity between the works, led the district court to conclude that Westbound could not prevail on its claims for copyright infringement of the sound recording. [2]

Westbound does not challenge the district court's characterization of either the segment copied from "Get Off" or the sample that appears in "100 Miles." Nor does Westbound argue that there is some genuine dispute as to any material fact concerning the nature of the protected material in the two works. The heart of Westbound's arguments is the claim that no substantial similarity or *de minimis* inquiry should be undertaken at all when the defendant has not disputed that it digitally sampled a copyrighted sound recording. We agree and accordingly must reverse the grant of summary judgment.

A. Digital Sampling of Copyrighted Sound Recordings

At the outset it is important to make clear the precise nature of our decision. Our conclusions are as follows:

1. The analysis that is appropriate for determining infringement of a musical composition copyright, is not the analysis that is to be applied to determine infringement of a sound recording. We address this issue only as it pertains to sound recording copyrights.[3]

[2] Were we to follow the analysis used by the district judge, we would agree with the result he reached.

[3] Defendants initially claimed that this argument was made for the first time on appeal. Since a panel rehearing was granted, defendants have had a full opportunity to brief and argue these issues.

2. Since the district court decision essentially tracked the analysis that is made if a musical composition copyright were at issue, we depart from that analysis.[4]

3. We agree with the district court's analysis on the question of originality. On remand, we assume that Westbound will be able to establish it has a copyright in the sound recording and that a digital sample from the copyrighted sound recording was used in this case.

4. This case involves "digital sampling" which is a term of art well understood by the parties to this litigation and the music industry in general. Accordingly, we adopt the definition commonly accepted within the industry.

5. Because of the court's limited technological knowledge in this specialized field, our opinion is limited to an instance of digital sampling of a sound recording protected by a valid copyright. If by analogy it is possible to extend our analysis to other forms of sampling, we leave it to others to do so.

6. Advances in technology[5] coupled with the advent of the popularity of hip [*799] hop or rap music have made instances of digital sampling extremely common and have spawned a plethora of copyright disputes and litigation.

7. The music industry, as well as the courts, are best served if something approximating a bright-line test can be established. Not necessarily a "one size fits all" test, but one that, at least, adds clarity to what constitutes actionable infringement with regard to the digital sampling of copyrighted sound recordings.

B. Analysis

We do not set forth the arguments made by Westbound since our analysis differs somewhat from that offered by the plaintiff. Our analysis begins and largely ends with the applicable statute. Section 114(a) of Title 17 of the United States Code provides:

> The exclusive rights of the owner of copyright in a sound recording are limited to the rights specified by clauses (1), (2), (3) and (6) of section 106, and do not include any right of performance under section 106(4).

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[4] "In most copyright actions, the issue is whether the infringing work is substantially similar to the original work. . . . The scope of inquiry is much narrower when the work in question is a sound recording. The only issue is whether the actual sound recording has been used without authorization. Substantial similarity is not an issue."

[5] "E.g., Terry Fryer, Sampling Jargon Illustrated, KEYBOARD, June 1988, at 66-73. First, the cost barrier to enter into the audio production arena is low due to the influx of affordable digital recording equipment. The combination of a microphone, digital audio equipment, consumer audio equipment and an album or compact disc collection are the only tools needed to produce commercial rap music. Second, utilizing samples as the musical element of the song enables the producer to create commercial rap music without any original musical accompaniment prior to recording the vocals. Third, using music samples saves a considerable amount of time when compared to the traditional recording methods because another artist already recorded the underlying music . . . ." Stephen R. Wilson, *Music Sampling Lawsuits: Does Looping Music Samples Defeat the De Minimis Defense?*, 1 Journal of High Technology Law (JHTL) 179 n.9 (2002) (citations omitted).

Section 106 provides:

> Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:
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> (1) to reproduce the copyrighted work in copies or phonorecords;
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> (2) to prepare derivative works based upon the copyrighted work;
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> (3) to distribute copies or phonorecords of the copyrighted [**15] work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
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> (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works to perform the copyrighted work publicly;
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> (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
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> (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

Section 114(b) states:

> (b) The exclusive right of the owner of copyright in a sound recording under clause (1) of section 106 is limited to the right to duplicate the sound recording in the form of phonorecords or copies that directly or indirectly recapture the actual sounds fixed in the recording. The exclusive right of the owner of copyright in a sound recording under clause (2) of section 106 is limited to the right to prepare a derivative work in which the actual sounds fixed in the sound recording are rearranged, remixed, or otherwise altered in sequence or quality. The exclusive rights of the owner of copyright in a sound recording under clauses [*800] (1) and (2) of section 106 do not extend to the making or duplication of another sound recording that consists entirely of an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording. The exclusive rights of the owner of copyright in a sound recording under clauses (1), (2), and (3) of section 106 do not apply to sound recordings included in educational television and radio programs (as defined in section 397 of title 47) distributed or transmitted by or through public broadcasting entities (as defined by section 118(g)): *Provided*, That copies or phonorecords of said programs are not commercially distributed by or through public broadcasting entities to the general public.

Before discussing what we believe to be the import of the above quoted provisions of the statute, a little history is necessary. The copyright laws attempt to strike a balance between protecting original works and stifling further creativity. The provisions, for example, for compulsory licensing make it possible for "creators" to enjoy the fruits of their creations, but not to fence them off from the world at large. 17 U.S.C. §115. Although musical compositions have always enjoyed copyright

protection, it was not until 1971 that sound recordings were subject to a separate copyright. If one were to analogize to a book, it is not the book, *i.e.*, the paper and binding, that is copyrightable, but its contents. There are probably any number of reasons why the decision was made by Congress to treat a sound recording differently from a book even though both are the medium in which an original work is fixed rather than the creation itself. None the least of them certainly were advances in technology which made the "pirating" of sound recordings an easy task. The balance that was struck was to give sound recording copyright holders the exclusive right "to duplicate the sound recording in the form of phonorecords or copies that directly or indirectly recapture the actual sounds fixed in the recording." 17 U.S.C. §114(b). This means that the world at large is free to imitate or simulate the creative work fixed in the recording so long as an actual copy of the sound recording itself is not made. That leads us directly to the issue in this case. If you cannot pirate the whole sound recording, can you "lift" or "sample" something less than the whole. Our answer to that question is in the negative.[6]

Section 114(b) provides that "the exclusive right of the owner of copyright in a sound recording under clause (2) of section 106 is limited to the right to prepare a derivative work in which the actual sounds fixed in the sound recording are rearranged, remixed, or otherwise altered in sequence or quality." Further, the rights of sound recording copyright holders under clauses (1) and (2) of section 106 "do not extend to the making or duplication of another sound recording that consists *entirely* of an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording." 17 U.S.C. §114(b) (emphasis added). The significance of this provision is amplified by the fact that the Copyright Act of 1976 [*801] added the word "entirely" to this language. In other words, a sound recording owner has the exclusive right to "sample" his own recording. We find much to recommend this interpretation.[7]

To begin with, there is ease of enforcement. Get a license or do not sample. We do not see this as stifling creativity in any significant way. It must be remembered that if an artist wants to incorporate a "riff" from another work in his or her recording, he is free to duplicate the sound of that "riff" in the studio. Second, the market will control the license price and keep it within bounds.[8] The

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[6] A question arises as to whether the copying of a single note would be actionable. Since that is not the fact situation in this case, we need not provide a definitive answer. We note, however, that under the Copyright Act, the sound recording must "result from the fixation of a series of musical, spoken, or other sounds . . . ." 17 U.S.C. §101 (definition of "sound recording").

[7] "[B] by clarifying the rights of a sound recording copyright owner in regard to derivative works, Section 114(b) makes it clear that the digital sampling of a copyrighted sound recording must typically be licensed to avoid an infringement . . . . The import of this language is that it does not matter how much a digital sampler alters the actual sounds or whether the ordinary lay observer can or cannot recognize the song or the artist's performance of it. Since the exclusive right encompasses rearranging, remixing, or otherwise altering the actual sounds, the statute by its own terms precludes the use of a substantial similarity test." Susan J. Latham, *Newton v. Diamond: Measuring the Legitimacy of Unauthorized Compositional Sampling-A Clue Illuminated and Obscured*, 26 Hastings Comm. & Ent. L.J. 119, 125 (2003).

[8] "Samplers should apply for the appropriate licenses, respect the rights of copyright holders, and be respected in turn as equal creators, Responsibility for obtaining clearance should fall to either the artist, the label, or both. Samplers realize that in the litigious environment of the United States, there is nothing to be gained and much money potentially to be lost by being a renegade. Surely some obscure materials will be sampled and overlooked, but the process should proceed devoid of recrimination and with the opportunity for money to be made by both the sampler and those whom he samples." David Sanjek, *"Don't Have to DJ No More": Sampling and the "Autonomous" Creator*, 10 Cardozo Arts & Ent. L.J. 607, 621 (1992).

sound recording copyright holder cannot exact a license fee greater than what it would cost the person seeking the license to just duplicate the sample in the course of making the new recording. Third, sampling is never accidental. It is not like the case of a composer who has a melody in his head, perhaps not even realizing that the reason he hears this melody is that it is the work of another which he had heard before. When you sample a sound recording you know you are taking another's work product.[9]

This analysis admittedly raises the question of why one should, without infringing, be able to take three notes from a musical composition, for example, but not three notes by way of sampling from a sound recording. Why is there no *de minimis* taking or why should substantial similarity not enter the equation. Our first answer to this question is what we have earlier indicated. We think this result is dictated by the applicable statute. Second, even [*802] when a small part of a sound recording is sampled, the part taken is something of value. No further proof of that is necessary than the fact that the producer of the record or the artist on the record intentionally sampled because it would (1) save costs, or (2) add something to the new recording, or (3) both. For the sound recording copyright holder, it is not the "song" but the sounds that are fixed in the medium of his choice. When those sounds are sampled they are taken directly from that fixed medium. It is a physical taking rather than an intellectual one.

This case also illustrates the kind of mental, musicological, and technological gymnastics that would have to be employed if one were to adopt a *de minimis* or substantial similarity analysis. The district judge did an excellent job of navigating these troubled waters, but not without dint of great effort. When one considers that he has hundreds of other cases all involving different samples from different songs, the value of a principled bright-line rule becomes apparent. We would want to emphasize, however, that considerations of judicial economy are not what drives this opinion. If any consideration of economy is involved it is that of the music industry. As this case and other companion cases make clear, it would appear to be cheaper to license than to litigate.

Since our holding arguably sets forth a new rule, several other observations are in order. First, although there were no existing sound recording judicial precedents to follow,[10] we did not pull this interpretation [*803] out of thin air. [17] Several law review and text writers, some of whom have been referenced in this opinion, have suggested that this is the proper interpretation of the copyright statute as it pertains to sound recordings. Since digital sampling has [*804] become so commonplace and rap music has become such a significant part of the record industry, it is not surprising that there are probably a hundred articles dealing with sampling and its ramifications. It is also not surprising that the viewpoint expressed in a number of these articles appears driven by whose ox is being gored. As is so often the case, where one stands depends on where one sits. For example, the sound recording copyright holders favor this interpretation as do the studio musicians and their labor organization. On the other hand, many of the hip hop artists may view this rule as stifling crea-

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[9] The opinion in *Grand Upright Music Ltd. v. Warner Bros. Records, Inc.*, 780 F. Supp. 182 (S.D.N.Y. 1991), one of the first cases to deal with digital sampling, begins with the phrase, "'Thou shalt not steal.'" *Id*. at 183 (quoting*Exodus* 20:15).

[10] Two prior cases are worthy of mention, however, as they are often cited in discussions of digital sampling. These cases are *Grand Upright Music Ltd. v. Warner Bros. Records, Inc.*, 780 F. Supp. 182 (S.D.N.Y. 1991), and *United States v. Taxe*, 540 F.2d 961 (9th Cir. 1976).

tivity. The record companies and performing artists are not all of one mind, however, since in many instances, today's sampler is tomorrow's samplee. The incidence of "live and let live" has been relatively high, which explains why so many instances of sampling go unprotested and why so many sampling controversies have been settled.

Although *Grand Upright* applied a bright-line test in a sampling case, we have not cited it as precedent for several reasons. First, it is a district court opinion and as such has no binding precedential value. Second, although it appears to have involved claims for both sound recording and musical composition copyright infringement, the trial judge does not distinguish which he is talking about in his ruling, and appears to be addressing primarily the musical composition copyright. Third, and perhaps most important, there is no analysis set forth to indicate how the judge arrived at his ruling, which has resulted in the case being criticized by commentators. Although often cited in later cases, there appears to be no case involving only the digital sampling of sound recordings that has relied on that decision. Nonetheless, it did precipitate a significant increase in licensing requests and changes in the way some artists and recording companies approached the issue of digital sampling.

Taxe involved a criminal prosecution of sound recording "pirates." The defendants were convicted in the district court and on appeal the court held that a jury instruction that characterized "any and all re-recordings as infringements" went too far, but nonetheless found the instructions as a whole to be free of any error requiring reversal. Like *Grand Upright*, there was no analysis to support this conclusion. This is understandable because the court was upholding the instructions given and had no need to dwell on that portion of the instruction the court "believed" "went beyond the law." *Taxe*, 540 F.2d at 965. Although *Taxe* has been cited frequently, it has not been cited for the pronouncement relative to the nature of the copyright protection afforded to sound recordings. It has been cited, however, for the proposition that infringement occurs even though the unauthorized recording makes changes in the sounds duplicated. *Id*. at n.2.

Second, to pursue further the subject of stifling creativity, many artists and record companies have sought licenses as a matter of course. Since there is no record of those instances of sampling that either go unnoticed or are ignored, one cannot come up with precise figures, but it is clear that a significant number of persons and companies have elected to go the licensing route. Also there is a large body of pre-1972 sound recordings that is not subject to federal copyright protection.[11] Additionally, just as many artists and companies choose to sample and take their chances, it is likely that will continue to be the case.

Third, the record industry, including the recording artists, has the ability and know-how to work out guidelines, including a fixed schedule of license fees, if they so choose.

Fourth, we realize we are announcing a new rule and because it is new, it should not play any role in the assessment of concepts such as "willful" or "intentional" [*805] in cases that are currently before the courts or had their genesis before this decision was announced.

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[11] We speak as to federal copyright protection only, and recognize that the Copyright Act provides that: "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." 17 U.S.C. §301(c) (1998).

Finally, and unfortunately, there is no Rosetta stone for the interpretation of the copyright statute. We have taken a "literal reading" approach. The legislative history is of little help because digital sampling wasn't being done in 1971. If this is not what Congress intended or is not what they would intend now, it is easy enough for the record industry, as they have done in the past, to go back to Congress for a clarification or change in the law. This is the best place for the change to be made, rather than in the courts, because as this case demonstrates, the court is never aware of much more than the tip of the iceberg. To properly sort out this type of problem with its complex technical and business overtones, one needs the type of investigative resources as well as the ability to hold hearings that is possessed by Congress.

These conclusions require us to reverse the entry of summary judgment entered in favor of No Limit Films on Westbound's claims of copyright infringement. Since the district judge found no infringement, there was no necessity to consider the affirmative defense of "fair use." On remand, the trial judge is free to consider this defense and we express no opinion on its applicability to these facts. . . .