Using Copyrighted Music & Other Third-Party Intellectual Property

By Charles Grippo
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Occasionally, a play may require the use of material created and owned by persons or entities other than the playwright. This material may be under copyright or protected by trademark. In such cases, the producer must obtain permission from its owner before using it.

MUSICAL COMPOSITIONS
The most common example of using third-party intellectual property is a musical composition, such as a popular song. For instance, in the Neil Simon play *Last of the Red-Hot Lovers*, one character sings two lines of the Bacharach-David song "What the World Needs Now Is Love." This song is under copyright. Copyright laws give the owner of a musical composition the exclusive rights to use or license its use in public performances.

THREE KINDS OF PUBLIC PERFORMANCE RIGHTS
In general, there are three kinds of public performance rights. All three require licenses from the copyright owners and the payment of royalties. The most common concern for theatre use is the third—Grand Rights. However, let's take a look at all three, in order to cover all bases.

Small Rights
The first kind is the right to perform the song in a nondramatic way. These are called the small rights. Examples include recordings, concerts, radio, cabarets, elevators, and the piano-playing lounge lizard in your favorite restaurant who mangles popular songs while you are trying to eat your dinner. Television broadcasts-like *The Tonight Show*—which present musical numbers in a nondramatic way—license the small rights. In connection with small rights, the copyright code provides for compulsory licensing. Under this provision, the owner of the copyrighted song retains the exclusive right to license the first use of his song.

Suppose Barbra Streisand begs me for the first chance to record my new song "You Don't Share My Salad Anymore." Since I can't stand to see Barbra cry, I license the first recording rights to her. Barbra's recording is an international hit. Now everyone wants it. Under compulsory licensing, I no longer have the exclusive right to pick and choose how and by whom the song will be performed. Anyone is free to record and perform it without asking my permission as long as he pays royalties to me. Compulsory-or mandatory-licensing extends only to small rights, not to any of the other kinds of rights.

To facilitate monitoring and collecting royalties for the small rights to their songs, most writers and publishers belong to one of the performing rights organizations- ASCAP, BMI, or SESAC- which does the job for them. These organizations issue licenses on behalf of their members to anyone who uses the small rights to copyrighted music, including that restaurant that employs

the piano-playing lounge lizard whose performance disrupts your meal. They collect the royalties, deduct a commission, and forward the balance to their members.

Mechanical License
To reproduce and distribute my copyrighted song "You Don't Share My Salad Anymore," Barbra Streisand's recording company will obtain a "mechanical license" from me. Mechanical licensing covers the use of copyrighted musical compositions in uses, other than audiovisual works, in which the sound is fixed in a physical object. Examples include CDs, records, tapes, ring tones, permanent digital downloads, and interactive streams. It is a limited license for a specific purpose. It does not cover synchronization rights (see below), print rights, or public performance rights, such as the grand rights which would be required for the use of a copyrighted musical composition in a live theatrical performance (see below).
Mechanical licenses may be obtained directly from the writer, his publisher, or a third party, like the Harry Fox Agency or a similar publisher's agent.

Synchronization Rights
The second kind of rights is the license to use the composition in AV projects-like motion pictures, dramatic television shows which tell stories, videos, and the like. These are called the synchronization rights because the music is being "synched" to the film soundtrack. The music is used as part of the plot. Producers ordinarily negotiate these on a case-by-case basis with the publishers, though some songwriters either reserve these rights for themselves or at least demand approvals over licenses. There is no compulsory licensing for synchronization rights. The owner may refuse permission to anyone to use his song and does not have to give a reason. Toward the end of his life, Irving Berlin refused to license the synchronization rights to "Always" to Steven Spielberg for a movie. There was nothing Spielberg could do to force Berlin to give him the rights.

Grand Rights
It is the third kind of public performance right which concerns us in the theatre—the grand rights. The grand rights encompass the license to use a composition in a dramatic way in a public performance.

To clarify, in this case, "dramatic" does not refer to the genre of the show—that is, a serious play versus a comedy. While there is no official definition of "dramatic," the most commonly accepted meaning is the performance of the song before the public in a way that involves any of the following: actors, staging, dancing, choreography, sets, costumes, props, dialogue, and the telling of a story. Even a plotless show may qualify.

The song is usually part of the story. In Billy Shakespeare's play, *I'm Outta Here*, his stage directions call for the character of Julie to sing Kander and Ebb's "Theme from New York, New York," while packing her suitcase. (This is similar to *The Last of the Red-Hot Lovers* example I gave above.) These are the grand rights.

When a theater wishes to use a copyrighted song in a show, it must license the grand rights from the song's owner. Failure to do so is a violation of copyright. The owner may seek his actual damages. Or he may ask the court for statutory damages. Statutory damages can be as much as $30,000, while damages for a willful infringement can range up to $150,000. These damages are per each infringement-that is, each time the song is used in a performance. Suppose a producer willfully uses my copyrighted song "You Don't Share My Salad Anymore" without my permission in ten public performances of his show Lunch with a Cannibal. Each use is a separate infringement, with a fine of up to $150,000. Thus, the producer could be liable to me for as much as $1,500,000. In addition, the court may order him to pay my attorney's fees and court costs-which can grow to astronomical proportions.

MISINFORMATION

There is a great deal of misinformation floating around about the use of other people's copyrighted songs in theatrical projects. Let me correct that now.

- There is no fair use which permits you to use all or any part of a copyrighted song without permission in a dramatic performance. In other words, there's no free ride that allows you to use a certain number of bars, notes, seconds, or anything else. Period.
- The owner has the absolute right to allow/refuse a license to use his song. There is no compulsory licensing of grand rights.
- If the owner refuses, he does not have to give you a reason.
- The owner does not have to acknowledge your request.
- If the owner says "no" or does not respond to you at all (which is the same as "no"), the answer is "no." Find another song.
- There is no such thing as precedent in the licensing of grand rights. Just because
- the owner issued a license to Playwright A or Theater A to use his song in their particular project does not mean he now must give you permission to use the song in your show.
- Preshow/intermission/exit music may become subject to grand rights, particularly
- if the music relates in some way to the production. For instance, prior to the curtain of your show that takes place in 1942, you play big band music-that is, 1940s-era selections. The owner would claim you're using his music to help set the time period, which makes it part of the play and therefore causes it to fall under grand rights. Actually, in my opinion, most precurtain/intermission/exit music is classified under grand rights. Even if is not, then it still would be small rights, for which you would need a license from the applicable performing rights organization and for which you'd have to pay royalties.
- It is irrelevant whether admission is charged or tickets are free.
- It is irrelevant whether you are a nonprofit or a commercial enterprise.
- If the owner licenses the grand rights to use in your live stage production, this does not also give you the right to use his song in a video of your show, regardless of the purpose of your video. This is the case even if you feature the song in a video clip only for promotional purposes of your production, such as posting on YouTube, social media, or your website. If you want to use the song in that way, you also must obtain and pay

additional fees for the synchronization—that is, AV rights to the song. Just because the owner licensed the grand rights for your live performances does not obligate him to give you the synchronization rights.

- If you wish to use copyrighted music in your Kickstarter video campaign to raise money, you must license the rights to both the music itself and the recording of it. Since it is a video, you would be obtaining the synchronization rights.

RECORDED MUSIC

Instead of Julie singing the "Theme from New York, New York" in Shakespeare's play, his stage directions call for Julie—and the audience—to listen to Frank Sinatra's recording of "Theme from New York, New York." Both are under copyright.

Now the producer needs two licenses:

1. a license from the owners of the song itself and
2. a license from the owners of Sinatra's recording-that is, the master recording-to use it in the show.

The producer must pay separate fees for each.

The licenses to both may not be available to him. He may be able to secure t license to one but not the other. In that case, he must choose either a different song a different recording, as the case may be.

Caveat: Make sure you license both the published song and the master recording. If you have not obtained both licenses, you may be subject to two copyright infringement suits: by the owner of the published song and by the owner of the master recording. Since each can potentially claim damages of up to $150,000 per infringement (as I stated above), you could be liable for up to $300,000 per infringement. Thus, it is important to make sure you have covered both of these bases.

PUBLIC DOMAIN MUSIC

Julie sits at the piano and plays Chopin's "Etude in A Major." This music is public domain, so the producer does not need to obtain a license for Julie to play it.

Ah, but instead Julie plays Vladimir Horowitz's recording o(the "Etude in Major." Although the Chopin piece is public domain, the Horowitz recording is not. The producer must obtain a license to use it.

MUSICAL ARRANGEMENTS

This one can be fun. Julie sits at the piano and plays "Yankee Doodle." Now "Yank Doodle" in its original arrangement is public domain. But is *this* arrangement of "Yankee Doodle" in the public domain? Many publishers issue arrangements of music which itself is public domain. But they

have copyrighted their arrangements. Therefore, the producer must obtain a license to use an arrangement which is still under copyright.
One solution is for the producer to commission an arranger to create a new arrangement especially for his show. But the arranger must be careful to work from a public domain version of the song.

OBTAINING A MUSIC LICENSE
First you must ascertain the party with the authority to issue a license for grand right to you.

In some cases, that is the song's publisher. Most publishers have licensing-departments who do this kind of thing all the time and therefore can work with you.

Many songwriters reserve the licensing of grand rights to themselves, or at least th right to approve any licenses. The publisher can tell you and, if necessary, direct you
the representative for the writers, with whom you will have to deal.

If the writers are deceased, you may have to negotiate with the representative for their estates. Sometimes the representative, in turn, will have to seek authority from the heirs-which is not necessarily a simple or quick task.

One way to find the publisher is to secure a current copy of the sheet music. The publisher's name and contact information are usually listed on both the title page and the first inside page.

However, many publishers no longer exist under their original names. Many have
been acquired by the giant conglomerates, like Sony, Warner, and Universal, which dominate music publishing today. You may have to turn detective and find the current owner of the song's publisher.

An easier way to track down ownership of the song is to contact the performing rights organization which handles it—like ASCAP, BMI, or SESAC. Their database will be current, and they can steer you in the right direction. ASCAP's contract with its members gives it the right to license only the small rights to its catalog. BMI has restricted rights to license dramatic performances. SESAC's standard license excludes grand rights; however, SESAC may license those separately.

An interesting twist on ownership is that sometimes more than one party may be
involved in a song's ownership. Thus, you would need a license from both owners.

WRITTEN REQUEST
Once you have ascertained the proper party with whom to deal, you should prepare a written request, which includes the following information:

1. Name of your company (including address and contact information)
2. Whether you are equity/nonequity/school

3. Title of desired song
4. Title of your show
5. Proposed performance dates
6. Performance venue (including address and contact information)
7. Number of seats at full capacity
8. Number of performances
9. Admission prices
10. Estimated attendance
11. Amount of song you wish to use (the entire song, number of measures, and so forth)

The more information you can provide in your initial request, the less back and forth you may have to do with the owner requesting more details from you.
Don't be surprised if the owner asks to see your script.

Grippo's Recommendation
In your initial request, make it clear you are asking only for availability and a quote. Do not ask initially for a license. If you solicit only availability and a quote, no one expects you to accept it necessarily; thus. if you choose not to use it, you won't annoy an owner with whom you may have to deal again in the future. If your initial request is for a license, while there is no contract until both parties have signed the license, the owner will expect you to follow through, nonetheless. If you don't use the song, you may make an enemy Instead of a friend.

When to Make Request
Make your request months-months before you actually need to use the song. Depending on how many channels your request must go through, it can be a time- consuming process. Unless you are offering a Broadway production, it's likely your request will go to the bottom of the representative's to-do list.

COST
A lot of factors go into determining the fee you may have to pay-the number of performances, ticket prices, audience size, the amount of the song you wish to use and the way you intend to use it, equity vs. nonequity. The desirability of the song is also a big factor. A really popular song can command a higher fee than an obscure piece. All of these elements will be part of your negotiating process with the owner.

PROPER PARTY
There are two schools of thought on this question. Some professionals suggest that the playwright should obtain a blanket license at the outset and then relicense to each individual producer who presents her play.

I am of the mind that the producer should obtain the license even though, as a producer, I hate anything that means extra work for me. However, the factors that I've indicated above are different for each production. A nonequity house with 50 seats and an admission price of

twenty dollars is not the same as an equity theater with 500 seats and an average ticket price of seventy-five dollars. This is a case-by-case matter best negotiated by the individual producer. However, as a kindness, the playwright should do the initial detective work to ascertain ownership of the song and pass that information on to her producer.

THE OWNER SAYS "NO"

See my comments above. You can't force the owner to issue grand rights or even respond to you. In that case, pick a different song.

Some writers are notorious about refusing to allow their songs to be used in any kind of dramatic or AV production. A few even refuse to license their songs for Broadway productions.

I recommend that the producer—and the playwright—have at least two or three songs in mind, just in case their first choice is unavailable or too expensive. They should initiate requests on all three songs well in advance, in case they have to turn to one of the backups.

JUKEBOX MUSICALS

It may be that you are planning a musical for which you would like to use several songs written by other parties. A good example is Woody Allen's *Bullets over Broadway*, whose score consists entirely of l 920s-era songs. If you want to create a similar type of show, you must license each song individually. (If you license an existing jukebox musical from an agent like Music Theater International or Concord, you need not worry about the individual songs. The licensing agents- or the show's original producers-have taken care of obtaining the rights. Those rights are included with your agreement to present the show. This section applies when you are building a show of your own.)

The interesting quirk in this kind of licensing is that, except in special circumstances, the owners of the songs will not expect an advance from you. Instead, payment is a straight royalty, just as you would pay a royalty to the writers of original music for a musical. The royalties usually are 4 to 5 percent of the gross box office. This does not mean that each owner receives 4 to 5 percent individually; that would make most such shows economically impossible to produce. Instead, the royalties are aggregated and are prorated by the number of songs.

For instance, suppose you have licensed ten songs at a rate of 4 percent of your gross weekly box office. This week your box office gross is $40,000. At 4 percent, the music royalties would be $1,600. These would be divided among your ten owners- that is, each would receive $160.

In such instances, sometimes royalties may be further subdivided depending upon the performance minutes of the songs. Suppose you have licensed the hit song "The Sun Will Come Out Tomorrow-Unless It's Raining" for a production number lasting eight minutes. But you also feature the sentimental ballad "Your kiss Gives Me Gas" for only two minutes. The owner of "The Sun Will Come Out Tomorrow-Unless It's Raining" may want a higher payment than the owner of "Your Kiss Gives Me Gas" because his song takes up more performance time.

One way to settle this matter is to use a most favored nations clause in your agreements with the owners. Under a most favored nations clause, all of the owners agree to accept the same fee paid to the others-which is the highest fee you may negotiate with any owner.

THE SIMPLE SOLUTION

If all of this seems like a lot of work and trouble, one solution is to forego using copy- righted music, recordings, and arrangements altogether. Commission a songwriter to create a new piece especially for your show and have your actors perform it.

HELP IS AVAILABLE

Fortunately, I've provided help in my book, *Business and Legal Forms for Theater*, second edition, in which I discuss the subject further, as well as provide you with a fill- in-the-blank music licensing agreement. If the owner is willing to license his song to you, just agree upon the terms. Insert them into the agreement on the CD-ROM which accompanies my book.

OTHER KINDS OF THIRD-PARTY INTELLECTUAL PROPERTY

Another potential copyright infringement situation occurs if the show uses other kinds of intellectual property belonging to third parties without permission.

A common instance might be using a Warhol print or a sculpture as a decorative item on the set. While this may seem innocuous, in fact, it infringes on a third party's copyright. And, just like with a musical composition, its owner may not want it associated with your show. If you want to use this kind of intellectual property, you must obtain permission and pay royalties.

Another example is the use of trademarked property. Put a McDonald's soda pop cup on your set and you are, strictly speaking, using McDonald's trademark {which is printed on all of their cups). Likewise, that Star Wars T-shirt your costume designer bought at Target, a can of Coke, a bag of Frito-Lay potato chips, a package of Junior Mints, all of which are embossed with their respective trademarks, raise the same issues. You are using someone else's trademark in your production.

These can be particularly problematic if you present the trademark in a vulgar or bad light. This is "tarnishing" the trademark, and it can land you in hot water.

If I attempted to give you a full list of every possible item that could cause trouble, this would have to expand by another 100 pages. Instead, I will give you a general rule: if the product you want to use contains trademarked or copyrighted property, you must obtain permission, even if your show is a storefront production. And don't even think of presenting trademarked property- with or without permission-in a bad light. *It will cost you money and aggravation,*

Obtaining permission can be time-consuming and expensive. There are services that will help you, but, again, there can be serious costs involved. Just like the owners of copyrighted intellectual property may deny permission to you, the owners of trade- marked property may not give you permission.

The most obvious solution is to avoid using trademarks in the first place. If your character must drink soda pop, cover up the Coke label with an innocuous label of your own invention. Dump the potato chips in a serving bowl, so you aren't using the bag. Avoid identifying the magazine by showing its cover. Have your designer create her own *Star Wars* parody design for the T-shirt your sci-fi fan character must wear.

When you see trademarked products in a movie or television show out of Hollywood, rest assured the producers have cleared their use with their owners. In many cases, the owners have paid the producers big dollars to place their products in the film.

Film Clips and Photographs

If you want to use film clips in your show, many of these may be under copyright. Certainly, a clip from a popular movie or TV show will be protected. YouTube is a virtual library of film and video clips, including newsreel footage of historical events. (Just because someone may have uploaded them illegally does not deprive them of their copyright status.) In truth, even an amateur sitting in his bedroom recording a video of his kids and then uploading it to YouTube has a common law copyright on his video.

In other words, if you want to use a film clip in your show—let's say, newsreel footage of Hitler--someone likely owns that clip. Just as with a music composition or any other third-party intellectual party, you cannot use it without permission.

The same holds true if you want to project a photograph as part of your show. For instance, your play takes place in 1942 New York, and your scenic designer wants to project a photograph of the Times Square of the period in the background. Most likely, that photograph is under copyright. You need permission.

FAIR USE

Okay, I know what you're thinking. "But what about fair use? Doesn't that protect me?"
Not necessarily. Fair use is NOT an automatic get-out-of jail card.

The subject of fair use is far too complicated for me to discuss in depth here. But I will give you some guidance.

First and foremost, fair use only arises as a defense to a copyright suit. In other words, before you can even think of claiming fair use, you must be sued. You must obtain an attorney to represent you. You must go to the expense and trouble of a court case. You must persuade a judge that your use was fair (as defined by the US copyright code and by case law).

In determining whether a use is "fair" under the copyright law, the courts weigh the following four factors:

1. the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
2. the nature of the copyrighted work;
3. the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
4. the effect of the use upon the potential market for or value of the copy- righted work.

The judge must buy your argument, which is by no means guaranteed. Get the picture?

SUMMARY

Do not completely despair of using third-party intellectual property in your project. There are some websites which offer musical selections that are available either free of charge or for low royalties. The same is true for photographs and film clips. These com- positions, photographs, and film clips are posted for your use either without the need for obtaining permission or with the simple request for attribution in your programs.

Just be careful you have permission, *in writing,* for any material you use.

Charles Grippo is an entertainment lawyer, commercially produced playwright, producer, and author. His books, The Stage Producer's Business and Legal Guide, *and* Business and Legal Forms for Theater*, are published by Allworth Press.*