Managing Intellectual Property
The Global IP Resource

IP CLINIC: THEY'RE PLAYING OUR SONG. SUE THEM!

01 September 2014

What happens when brands fail to secure the right music licences for their campaigns?

THE LICENSOR

As a music publisher, I'm faced with an ever-increasing number of unlicensed uses of commercial music by brands and individuals. With the proliferation of the internet and in particular user-generated TV channels on platforms like YouTube, these uses have become easier to find. Often, we discover unlicensed commercials via fans of artists who may stumble across them and share via their social networks or even tweet the artist directly. These uses can be incredibly damaging for a writer or artist, in particular those who choose not to have their music used in association with brands. It's all the more discomforting to hear about an unlicensed use for the first time from a fan.

Focussing on music in advertising specifically, it's not uncommon for a brand or agency based in a country where there is very little IP protection simply to use a piece of copyrighted music in their advert without asking. Before the internet, I'm sure many of these went unnoticed. However, we also see cases in the UK or US where this happens, mainly due to a mistake or simply a misunderstanding of music copyright and sync rights in particular (the right to synchronise a piece of music in visual media).

Our action in these cases varies but our writers' wishes are always front and centre. When necessary, we're willing to unleash the scary lawyers but no one wants a messy and expensive lawsuit. Often our first port of call would be to try and resolve the issue retrospectively, usually by charging a sync fee with a premium on top. The premium is important, the user can't expect to pay the same price as if they'd cleared it properly in advance. And if the use has caused genuine damage to an artist's credibility, the premium would be more severe. In some cases, perhaps where an artist has made the choice to not allow their music in commercials full stop, we would require the brand pull the commercial immediately, as well as potentially taking other legal action. Ultimately our responsibility is to our artists, who can be rightly vocal about the action we need to take. It's their art after all.

One final point to make is the increasing use of "sound-a-likes" in advertising. This is when a brand records a piece of music with the intention of making it sound very similar to an existing song. Some of these are so close in sound that the layman would find it hard to tell the difference. Quite simply,

there are too many sound-a-likes being used and it's often more distressing for a song writer to hear their music being plagiarised rather than a straight-up unlicensed use. Dealing with sound-a-likes can be more complicated and often involve the use of a musicologist to analyse the musical components which make up the track. Lawyers are usually involved too. Over recent years, we've seen music rights holders taking a much more aggressive approach in dealing with sound-a-likes, and I'm sure this will continue.

Tom Foster
Head of Film & TV - Licensing
Universal Music Publishing

THE LICENSEE

Occasionally a brand will use music in a marketing campaign that's not been properly licensed, most commonly because music is chosen at the 11th hour and the campaign launches before the correct consents have been granted. Sometimes centralised global marketing teams (or their agencies) broker multi-territory licences; if the brand's local markets often aren't fully briefed on exact usage parameters, inadvertent breaches can occur. Finally, "sound-a-likes", whose composers are briefed to "write something similar", cause contentious usages.

It's vital that brands and agencies understand how to correctly engage with music rights owners (typically music publishers and record labels) to avoid litigation or costly settlements. The outcome depends on several factors:

Intent

Did the brand (or its agency) knowingly use the music without a licence?

- Even if a deal is in negotiation and artist/songwriter consent has been secured, no licence has yet been granted. While music rights owners will be reasonably tolerant if the campaign launches without signatures, if all commercial terms have been fully agreed, it's unlikely they'll sue. If commercial terms haven't been agreed at least by email, the licence fees will be higher than market rates.
- If a campaign launches where music rights owners weren't approached (or the brand couldn't locate them), there's no defence for unauthorised use. Tolerant music rights owners might demand penalty fees from the licensee (such as 50% to 100% above market rates) rather than litigate.
- Where a brand's clearance request is denied (yet the campaign launches with the denied track), the licensor will seek legal redress, immediate campaign termination, retrospective penalty fees and hefty damages.

Brand

Is the artist / songwriter happy for their music to be associated with the brand?

- Most synchronisation licences require artist/writer approval, especially when brand-related. Contentious product categories include alcohol, meat products, fast food, financial services, petroleum, chemicals, pharmaceuticals, sanitary products, politics and religion.
- A luxury brand inadvertently using an unlicensed track might settle with a penalty fee and

some free product. However, a burger chain using an unlicensed track by a vegetarian artist can expect litigation.

Relationship

Does the licensor have a longstanding relationship with the licensee?

- A history of multiple licences granted by licensor to licensee may encourage the licensor to settle rather than litigate. Sync licence income often equals more than 20% of licensor turnover; relationships with brands and agencies matter.
- Where there's no such relationship, claims will follow.

Sound-a-likes

Did the brand intentionally copy another work and claim it to be original?

- "Sound-a-likes" cause distress to songwriters and publishers. When a brand's (or agency's) clearance request is or priced outside available budget, the temptation is to commission "something similar".
- Where a composer is briefed using the denied/over-priced track, there is intent to infringe. If the new composition is too similar, a musicologist might be engaged to suggest amendments to reduce risk of a legal claim from the music publisher.
- Even a warranty/unlimited indemnity from the composer that the work is wholly original may not help. Music publishers will claim against the commissioning party (brand or agency) and their deep pockets.

Richard Kirstein
Founding partner
Resilient Music

THE LAWYER

As a preliminary remark, it is worth noting that this situation is a rare occurrence, especially if a brand is using a prominent advertising agency to orchestrate its commercial campaign. For example, I know that Red Fuse, a subsidiary of advertising giant WPP, will not sign any deal in relation to music compositions integrated into its ads until WPP's legal department has signed off on that suggested musical choice.

However, there are cases where regional advertising agencies may ignore the rule that using a song without the right holders' consent is copyright infringement. Also, when brands engineer their own advertising campaigns, they may "forget" to seek prior copyright clearance from the music bands whose music they are using in their commercials.

From the perspective of the owner of the copyright in the musical work, the response to copyright infringement is straightforward: immediately instruct your lawyer to draft and send a cease-and-desist letter to the infringer(s), setting out factually which copyright has been infringed and by what advertising campaign, and clearly asking the infringers to stop the unauthorised use of the musical work within a reasonable timeframe from receipt of that letter.

If the answers from the addressees of this letter are tepid, a denial of the infringement or non-

existent, then the next step would be to file for interim injunctions and/or full litigation against the brand, its advertising agency and, if applicable, any musical composer who created a derivative work from the original song, for that brand.

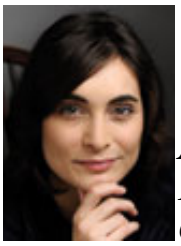
If the infringers answer the cease-and-desist letter in a more professional manner, then the owners of the copyright in the infringed song (that is, the songwriter or his heirs as well as the music publisher of this songwriter) should steer away from costly and reputation-damaging litigation. They also should consult to decide what to ask the infringers to do: Do the owners of the copyright agree to have their song used in that particular commercial, by that brand, provided that a rightful agreement is in place? Would they entertain the idea of entering into a music licence?

A music licence grants permission to the licensee (namely, the brand) to exercise any one or more of the exclusive rights of the copyright owner such as, for example, synchronisation rights. Sync rights refer to the rights to include the composition in an audio-visual production, such as an advert.

Other rights that a music licence may grant are the right to create derivative works - a new orchestration or musical arrangement or new lyrics of an existing work, or a work that samples portions of an existing composition; or the right to sync an existing recording of a composition into an audio-visual project, as when the characters in a commercial dance to a recognisable hit record.

In the latter case, a second licence is required - a "master use licence", which is granted to the licensee by the owner of the master (sound) recording (generally, a record label but, sometimes, the recording artist if he has not entered into a recording contract).

From the brand's perspective, my advice is to have your in-house or private practice lawyer review your commercial project, *before* the ad goes on air or TV. Not only can it be very expensive to tread on the toes of music bands such as the Rolling Stones, but it would also damage the reputation of an established brand caught red-handed for copyright infringement. That would defeat the whole purpose of launching a commercial campaign in the first place, potentially deterring prospects and customers from buying that brand's products.



Annabelle Gauberti
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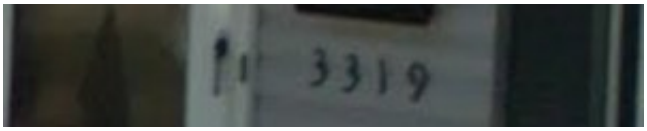

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