

A COMPLETELY REVISED AND UPDATED EDITION
OF THE DEFINITIVE GUIDE TO 'MUSIC BUSINESS'

3RD
EDITION

MUSIC BUSINESS

A MUSICIAN'S GUIDE TO THE AUSTRALIAN MUSIC INDUSTRY
BY TOP AUSTRALIAN LAWYER AND DEALMAKER

SHANE SIMPSON



This chapter is taken from the book *Music Business* by Shane Simpson

More information can be found at
<http://www.simpsons.com.au/musicbusinessinfo.htm>

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SELECTING AND PROTECTING A NAME

WITH SUCCESS, AN ARTIST'S NAME BECOMES MORE AND MORE VALUABLE. THE NAME AND REPUTATION HELPS SELL RECORDS, TICKETS AND MERCHANDISE. ACCORDINGLY IT IS IMPORTANT TO CHOOSE AND PROTECT YOUR PROFESSIONAL NAME WITH CARE.

So much of the success in the modern music industry is based on marketing and promotion that you have to pay a lot of attention to establishing, shaping and maintaining a public profile. Your name is central to that profile, although lots of bands with catchy names never surface and lots of bands with so-so names sell as many records. Quirky gimmicks may help get you noticed but, in the end, it is the quality of your music that determines long-term success.

That said, if you do have success, your name will become the most important asset of your business. The association of your name with your sound, professional reputation and popularity will be inextricable: your fans will buy tickets, records and merchandise on the strength of, and belief in, your name.

Given that your professional name can become so valuable, the last thing you want to discover is that you have selected a name that is already being used somewhere in Australia or even in a major overseas market ('Sherbet' found this out when they first tried to crack the American market). If your real name happens to be (say) 'Norah Jones' and you come from Fitzroy, there is little point going out on the road using your own name, as there is already an internationally famous performer of that name.

You must try to find a name that people will associate with you and your music. You must establish your own identity. Part of this task is to make sure

that there aren't other musicians using the name that you want to use. Once you have done your checks, you should protect that name so others cannot take advantage of it.

THE NAME SEARCH

When choosing a name for your act, don't fall in love with just one name. Unless the name is very weird, the chances are that someone has got there before you. Have a list of three or four possibilities so they can all be checked at the same time. It can be cheaper that way.

There are a number of basic searches worth doing.

First, do an Internet search. This is often the quickest and cheapest way of establishing that there are already other groups in the world using the name you want to use.

Then look through the *Australasian Music Industry Directory* and even through a range of directories such as the Billboard International Talent & Touring Directory and maybe even record directories such as Phonolog Reports.

More prosaically, go on-line and check the white and yellow pages. Check not only your hometown but also the whole country. Even check the major overseas territories. All of them. You may well find that there is a restaurant in some town 2,000 kilometres away with the same name. Don't assume that you don't have a problem just because the other user of the name is in a different business or in another geographical area. They may well have the right to stop you from using the name.

Do a search at the Australian Securities and Investments Commission (ASIC) website (www.asic.gov.au) to see if there are already business names or companies registered with the same name (or one similar to the one) you want to use. ASIC has records that you can search on-line.

Then check the records at IP Australia (www.ipaustralia.gov.au). These will reveal if anyone has registered (or applied to register) a trade mark that may conflict. This is usually the domain of trade mark lawyers but anyone can get on-line and do a basic local search.

If your searches reveal that someone else is using a name identical or even similar to the one you want to use, be careful! Don't assume that 'things will be all right'. You should get expert advice. You may have to forget about the name and select another. You may be able to vary the name or you might have to get permission from the present name users, or buy the rights to use the name. Just going ahead and optimistically using the name may be very expensive in the long run. No name is worth anything before you have built a reputation around it, so don't get emotionally committed to just one, until

you know it is clear to use. If there is another group already using the name anywhere in the country, or in any major territory, don't use it. Be creative. Get another name.

PROTECTING THE NAME

Generally speaking you do not 'own' a name. You may, however, acquire rights in it by using it and establishing a 'goodwill' or reputation in the name. It doesn't matter who came up with the name first. The rights go to the person who developed the reputation. The greater your reputation, the greater your claim to ownership. For example, a group that is unknown outside its local area will have little chance against a band of the same name which has toured several States, released a single nationally or which has received some reviews in the national music press and so on.

In the general law, there is an action called 'passing off', which prohibits any party from misrepresenting itself (or its goods or services) as though it was another. In other words, it prohibits the false appropriation of the other's reputation.

The Trade Practices Act (sections 52 and 53 in particular) and various States' Fair Trading legislation, provide comparable protection in that they prevent corporations and individuals from engaging in conduct that is 'misleading or deceptive'.

BUSINESS NAME REGISTRATION

If you are trading under a name other than your real name, you will have to register under the relevant State's Business Names laws. The process is simple and cheap. You can do it yourself. Contact your State's Consumer Affairs Department for details.

Registration is merely a consumer protection provision. It provides a bureaucratic way to find out the identity of the people or companies behind a fictitious name. Registration of the business name (or even a company name) does not give you any rights of ownership in the name. This is a frequent and expensive misconception. Remember that there are only two ways that you get ownership of a name - by establishing a reputation or by registering a trade mark.

TRADE MARK

Other than getting out and developing a reputation in the name, the only other way of protecting it is to register a trade mark. This is a formal process and can be quite a complicated affair. It should not usually be undertaken without expert advice. It is also quite expensive, particularly if you seek registration in all of the major international territories.

A trade mark can be a name, a logo or a combination of both. You can even trade mark a smell, a sound or a colour. Trade mark protection is given according to 45 different categories of goods and services. A band would need to take out registrations in several different categories to get optimum coverage of the monopoly which owning a trade mark can provide. This is particularly important in the protection of the value of the name for merchandising purposes: today the T-shirt, tomorrow the soft drink!

It can be difficult to get your name approved by the Trade mark Office. Because a trade mark gives you a monopoly on the use of that mark (for those categories in which it is registered), you will not be allowed to hijack bits of the language! You can't trade mark descriptive words like 'Beautiful Music' or 'Super Group'. That is why so many products have completely made-up names. (For example, Xerox, Disprin, Kleenex, Rollerblade, Microsoft.)

If you have a name such as 'Chicago', chances are you will only be able to protect the manner of its presentation. You hire an artist to design a logo incorporating your name and then register the logo as a trade mark. Remember though - registration of a logo doesn't give you a monopoly over the name; it gives you a monopoly over the logo which embodies that name.

Once registered as a trade mark, you have to make sure that whenever you use it in a visual form, you use it in the form it was registered. Don't alter it. Your record labels and packaging, letterhead, merchandise, set-design, promotional material and everything else you produce must use it without any variation. That way, as time goes by, your increased fame and reputation enhances the value of the trade mark. It becomes symbolic of the authenticity of the thing to which it is attached. It also becomes hugely valuable.

Registered trade marks are identified by the ® symbol. Unregistered trade marks are identified by the ™ symbol. Although both registered and unregistered trade marks are enforceable, the value of registering is that registered trade marks are much easier to establish in court. All you have to do is prove that the mark is registered, that you are the registered owner and that the defendant has used your mark without permission. Proving that you are the owner of an unregistered mark is a comparatively difficult and expensive exercise.

BAND STRUCTURES WHICH PROTECT THE NAME

PARTNERSHIPS

Protecting a group's name is one of the most important reasons for having a partnership agreement (or some other formal agreement) between the group's members.

There is no particular approach that will work for everyone. In some partnerships, the founder of the group retains all rights in the name and none

of the group members ever get rights in the name. In other examples, the group members all share the ownership of the rights to the name. Where ownership is shared, it is sensible to include mechanisms in the partnership agreement that specify what will happen if any member wishes to leave (or is expelled from) the group. For example: How will their share of the name be valued? Will they be bought out? Over what time? Will they lose the right to use the name? What if two members of a group of four stop playing with the other two? Who is the real group? Who has the right to use the name?

A properly discussed and carefully drafted partnership agreement is a very personally shaped document. It is not something that your lawyer should just churn out of a computer. Like your shoes, your partnership agreement must fit your particular needs. Good partnership agreements are hand-made, so they are not cheap. (See next chapter.)

COMPANIES AND SHAREHOLDER AGREEMENTS

Some groups overcome the ownership problem by establishing a company and having the company own the name. Of course, just setting up a company is not enough. You need an agreement between the shareholders to make clear how the company is going to be run. As well, there should be employment (or 'services') agreements between the company and the individual group members.

This structure means that everyone's rights in the name (and all other aspects of the band's business) are defined and everyone knows their rights and responsibilities, e.g. musicians who are shareholders would be obliged to give up all rights in the name when they sell their share in the company. Where sidemen play in the group, there should be a short employment agreement in place that specifies that they would not have any rights in the group's name or reputation.

This approach permits the company to retain control of the rights in the name and provides a high level of protection.

Remember, however, that if you are going to use a company structure, you should make sure that you transfer all rights in the group's name into the company as early in your career as possible. This transfer of rights from the individuals to a company, can attract capital gains tax - so do it before you get famous and the name becomes valuable. (See next chapter.)

WHAT'S IN A NAME?

POP MECHANIX

One famous dispute over the rights to a name involved a dispute between an Australian group called 'Popular Mechanics' and a New Zealand group called 'Pop Mechanix'. The Popular Mechanics sought an injunction to stop the New Zealand band using the 'Pop Mechanix' name in Australia. Even though the

Australian band had worked principally in New South Wales, the court found that this work had created sufficient reputation in the name (throughout the country) to justify the court granting an Australia-wide injunction, preventing the New Zealand group from using its name. The fight cost a lot of money and effectively halted the New Zealand group's career.

FLEETWOOD MAC

In 1967, Mick Fleetwood and John McVie formed the group Fleetwood Mac. They were managed by CDM Ltd, a company owned by Clifford Davis. After six years of success, during a tour of North America, the band broke up. Clifford Davis promptly put a new band together to complete the tour. The new band did not contain any original members of Fleetwood Mac.

As might be expected, there were a vast number of complaints from members of the public who had bought tickets in the expectation of seeing and hearing the original members. Fleetwood and McVie went to court to stop CDM and the other musicians from using the name 'Fleetwood Mac'.

The court held that the value of the reputation in the name attached to specific musicians, i.e. those who had actually developed the reputation. If the second group were allowed to use the name, there would be confusion in the minds of the public and this amounted to a misappropriation of the reputation developed by Fleetwood and McVie. The tour was stopped.

The situation would have been different if the original group had split up and some of those members had decided to use the original name. As each member of the group equally owns the rights in the name of the group (unless there is an agreement which varies that position), it is perfectly possible for all members of a group to use the name legally. This was the argument used by various members of The Five Platters.

THE FIVE PLATTERS INC

The "Platters" was one of the most successful groups of the 50's and the first doo-wop groups inducted into the Hall of Fame. The power behind the Platters was the improbably named manager and producer, Buck Ram. He was never a performer in the group. He set up a company called 'The Five Platters Inc' and this company employed the musicians. For 25 years, the company toured a group called 'The Platters', performing the material selected and produced by Buck Ram. The membership of that group changed many times over the years. Three of the original group and two members of later formations, set up their own groups, each called 'The Platters'. At one stage there were five groups touring using the "Platters" name.

Buck Ram spent many years and a lot of money on court cases, protecting the goodwill in 'his' group's name. He had great trouble establishing his rights against the original group members, because although they were employees,

their contracts had insufficiently specified that the performers could not use the name after they left the group. Given that those performers were the very people who had been so involved in developing the popularity of the Platters in the first place, the USA courts took the approach that, in the absence of formal agreements to the contrary, the performers themselves had certain rights in the name.

The Five Platters Inc had little trouble protecting its business after it started using contracts of employment that contained clauses preventing its employee musicians from using 'The Platters' name or trademark. As it happened, Buck Ram left this life to join the Choir Celestial, which settled the disputes more effectively than the court system.

THE ON-GOING STORY

In addition to these tales of woe there are many others: The Little River Band, Sam and Dave, Deep Purple, The Drifters, Pink Floyd, Genesis, The Firm (Jimmy Page) and New Edition. They have all had their careers interrupted or at the very least, interfered with, by disputes about name ownership.

SOUND-ALIKES

Because the price of reflected glory is high - from tens of thousands to several million dollars - advertisers now seek to reduce costs by using 'sound-alikes' and 'look-alikes'.

United Airlines used as its theme the song 'Up Up And Away', which was made famous by The Fifth Dimension. They had a very distinctive sound and sold many millions of records of that song throughout the world. In the advertisement, the melody is the same, the words are a little different, the arrangement is almost identical, the sound of the musicians is essentially indistinguishable from the original, but the identity of the musicians is different. Although the advertisement used the group's distinctive sound and their international reputation, The Fifth Dimension had nothing to do with the version used in advertisement.

Similarly, when Air New Zealand used Puccini's 'Nessun dorma' to promote flights to New Zealand, they used a tenor who many mistook for Pavarotti. You can bet the Australian tenor got paid a lot less than the Italian one would have demanded!

Imitation is not the most sincere form of flattery. It is merely the cheapest. It is a way of using the artist's name and reputation without paying the artist anything for that usage. If you are an advertiser it is cheaper to hire session singers to imitate, than it is to hire the original artists to perform their hits. That said, the money saved at first instance often ends up in lawyers' pockets.

And where does that leave cover bands? They undoubtedly use the name, reputation and sound of those that they imitate. That said, there has never been a case in Australia where an original act has sued a cover band. Perhaps it is because there is no doubt in the mind of the audience that they are attending “homage” rather than the real thing. There is no confusion in the mind of the consumer: Indeed attendance at the performance of a cover band might even stimulate record sales for the original act.

The latest battleground for record companies is the sound-alike ringtone market. The companies are arguing that ringtone retailers selling sound-alike recordings using the name of the original artist as a descriptor, are making a false and misleading statement and therefore breaching the Trade Practices Act. This argument is a very long bow to draw: If the site clearly describes a particular download as “Robbie Williams sound-alike” it is difficult to see how customers would imagine that Mr Williams was endorsing the product or associating himself in any way with the download. Customers in this environment are smarter than that.

PROTECTION FROM SOUND-ALIKES

The right of any celebrity to control the commercial exploitation of his or her name, image and likeness has attracted extensive litigation in the United States. There, numerous cases have conferred a common law ‘right of publicity’ and many States have introduced statutes conferring so-called ‘Publicity Rights’ and ‘Celebrity Rights’ that can even restrict the right to use a dead artist’s likeness.

The fight for and against sound-alikes has not yet been fully waged in Australia. There is certainly no Right of Celebrity. The remedies are much more traditional: defamation, section 52 of the Trade Practices Act, passing off, and sometimes contract.

The most common tool for protecting an individual’s rights in his or her name, image or likeness is the Trade Practices Act. Sections 52 and 53 of that Act prohibit corporate conduct that is false or misleading. For example, Blaupunkt was sued by a television personality named Sue Smith for use of a look-alike to advertise Blaupunkt videos (and they added insult to injury by coincidentally referring to the look-alike as Sue Smith!). In that case, the judge said that the company had improperly associated its product with the public image and reputation of the celebrity. It was held to have ‘represented that the Blaupunkt video had the sponsorship and approval of Sue Smith that it did not have’ and so to be in breach of section 52 of the Trade Practices Act.

In a similar case between Kieran Perkins and Telstra, Telstra published advertisements using a photo of Perkins wearing a swimming cap with the Telstra label (without the swimmer’s consent), with a caption suggesting that

Perkins preferred Telstra to Optus. Perkins successfully sued Telstra. The court held that the unauthorised use of his image together with the caption suggesting his preference towards Telstra (when he had never made such statement) was deceptive and misleading.

In music, the sound is the basis of the fame and, as such, is even more identifiable with the performer than as face. The above examples were not just about the use of the celebrity's photograph: they are about the unauthorised use of the celebrity's reputation for commercial purposes in a situation in which the consumer may be misled into believing that the celebrity was endorsing the product. It is a very small step indeed between using a photograph and using the sound that is uniquely identified with a particular performer.

As Justice Greenfield said in *Onassis v. Christian Dior [NY Inc]* (1983) 472 NYS 2d 254 (a celebrity look-alike case): 'Let the word go forth, there is no free ride.'