

# Class Action Suit Could Mean Additional Royalties for Artists and Copyright Holders

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The [Alliance of Artists and Recording Companies \(AARC\)](#), an organization representing featured recording artists and sound recording copyright owners in the areas of hometaping/private copy royalties and rental/lending royalties, recently filed a federal class action lawsuit against automakers General Motors and Ford, as well as electronics manufacturers Denso and Clarion, seeking to collect royalties allegedly owed to artists, songwriters, record labels and music publishers under the [Audio Home Recording Act \(AHRA\)](#).

The AHRA, which was [passed by Congress in 1992](#), requires companies that make and sell certain music recording devices to pay royalties to performers and copyright owners (including record labels and music publishers) based on the premise that music recording devices are used to make copies of copyrighted works. Many makes and models of vehicles sold by General Motors and Ford contain Denso and Clarion manufactured sound systems that are covered by the AHRA, which governs royalties generated by the sales of, among other things, personal audio devices, satellite radio devices and car audio systems that have recording capability. AARC, which represents 300,000 recording artists, songwriters, record labels and music publishers, has tried to resolve the issue amicably, but all four defendants have refused to pay the monies AARC alleges are owed under the statute, insisting that the Denso and Clarion systems do not fall within the AHRA definition of digital music recorders.

AARC remains firm in its stance that the General Motors, Ford, Denso and Clarion are in violation of the AHRA. If AARC prevails, it could mean additional royalties in the pockets of artists, songwriters, record labels and music publishers. The total amount will depend on how many devices are found to be digital music recorders within the AHRA definition and therefore subject to payment of royalties to AARC. The royalty amount for each covered device is limited to between \$1 and \$12 (which amount would be split among all AARC-registered artists and copyright holders based on sales of work as collected by SoundScan), but if a large number of devices are found to be subject to the royalty, the royalty payment could be large. In addition to royalties, the AARC is seeking statutory damages of \$2,500 for each device manufactured, imported or distributed in the past three years, and an additional fifty percent of actual damages to be paid to the Register of Copyrights.

Time will tell how this litigation plays out. In the interim, if you believe you or your client should be receiving royalties from the AARC, please go to their website and [register](#).

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Allison Carryl is an associate with Garvey Schubert Barer, working in its New York office.

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