



## Press Release

**Sound Choice** has fought piracy for many years. All of you are aware of the piracy of product, copyright infringement and trademark infringement. Everyone suffers when this type of activity takes place with lost revenue. Not just Sound Choice, but DJ's, KJ's and retailers alike suffer trying to operate legal businesses with lost revenue.

Sound Choice is taking a proactive stand stronger than in the past to **prosecute to the fullest extent of the law.** Trademark infringement suits will be filed in Phoenix, Scottsdale, and outlying areas. Letters to cease and desist have already been, and will continue to be, sent to any restaurants and clubs that offer Karaoke entertainment that have allowed the DJ's and KJ's to commercially perform in their establishment with any of the following: CD+Gs illegally copied (burns), CD+Gs illegally copied on to hard drives, karaoke music downloaded from the internet. As the owner or manager of an establishment that uses Karaoke entertainment, they may not understand how serious this offense may be and how it can affect them. Karaoke hosts who use illegal copies of music also put the bar and/or restaurant business at risk. One of the possible consequences that **not only the KJ, but also the bar/restaurant are facing** includes fines that have now been increased to \$250,000.00 and six (6) months possible jail time per occurrence. Per occurrence is per each time each copied song is played. You do the math. **Sound Choice will also be working in cooperation with several manufacturers** to be sure these violators are prosecuted.

In addition, trademark infringement and dilution under the federal Lanham Act provides remedies including, but not limited to, injunctive relief, monetary damages, confiscation and destruction of infringing articles and promotional materials and, in cases of intentional infringement, attorney's fees and treble damages. **Sound Choice has never given anyone the permission or licenses to download or copy any Sound Choice music to any type of hard-drives for commercial use or any other type use because there is no licensing available for hard-drives.** The publishers will not extend licensing for hard-drive products. **It is illegal to copy music to a hard-drive for commercial use.** The Fair Use Act of 1992 provides for personal use only not commercial.

In other words, if a DJ or KJ has five rigs operating commercially, they should have five original sets of discs in use, not stored or on file, to operate legally. **We are hopeful that the restaurant and bar owners and managers will voluntarily take a stand to keep their establishments legal instead of facing the possible risk and costs incurred of legal consequences.**

Shelby Wood  
Business Affairs Director  
Sound Choice



## ANTI-PIRACY CAMPAIGN STATEMENT

Stellar Records in a collaborative effort with some of its clients, customers, law enforcement agencies, and in some cases even its competitors has stepped up its campaign against piracy. As part of this campaign, Stellar will be directing much of its attention at the venue level and soon will be taking steps to notify suspected venues as to the potential risks and hazards involved when using unauthorized copies of Stellar Records products.

Stellar Records, its customers, clients as well as several of its legitimate competitors have been damaged considerably through the illegal copying and distribution of their products, as well as other acts of piracy, some of which pertain to the violation of trademarks that are also the property of Stellar Records.

Prior to pursuing any further action, we do recognize the possibility that at least some venues may not be aware of these violations and may be engaging in these activities unknowingly. Hopefully this communication will provide the information necessary in helping to determine if the use of a Stellar Records product is authorized, or in any way infringes on its copyrights and/or trademarks. At the very least, we hope this will provide the impetus to seek legal advice on these matters before continuing to engage in these practices.

To be more specific, it has been brought to our attention that there are several venues in the Phoenix and Scottsdale area that have been promoting karaoke shows which are using unauthorized copies of karaoke products either directly through the use of in-house systems or vicariously through the contracting or employment of KJ/DJ hosts and/or hosting companies. Some of these products have been identified as karaoke products containing the copyrights and/or trademarks of Stellar Records including products bearing the trademarks "Pop Hits Monthly", "Top Hits Monthly", or "Stellar Records". In addition it has been suggested that there could be other products containing Stellar Records' copyrights and/or trademarks being illegally distributed, and an investigation is currently under way in an effort to identify those products as well.

In order to assist those in determining what constitutes an unauthorized use of Stellar Records' products, please be advised that Stellar does not support nor does it have the authority to support (due to contractual limitations in its licensing agreements with various publishers) any device which stores, and/or plays karaoke products from a hard drive or any device other than a device that plays directly from a CD+G disc. For example products include but are not limited to the CAVS JB199 as well as the RSQ-500

when play back is not directly from a CD+G disc. There are a number of software based products as well like MTU's Hoster, PCDJ, CompuHost, TriceraSoft, Sax N Dotty Show Hoster, and Dart just to mention a few, when play back is not directly from a CD+G disc.

Stellar Records does empathize with the concerns of some of its customers who may want to make copies of their legally purchased products for the purposes of making back-ups or to rip them onto a hard drive in a more convenient format. However we do not have the authority to grant anyone the right to do so. Most if not all of our karaoke products contain the copyrights owned by parties other than Stellar, namely the writers, authors and/or publishers of the work (song) itself to which we must seek prior approval for use in producing our final karaoke products. The licenses and/or approvals that we secure from these publishers do not include the right to distribute their works (songs) on a hard drive. As a result we can not and/or do not encourage or otherwise promote either the copying or format conversion of these products for any purpose whatsoever.

There are some who would contend that making back-up copies of these works or converting these works to a format which can then be used by some of the above mentioned products could be considered a "fair use". However, legal counsel for Stellar Records believes this to be in error, and does not agree. As such Stellar can not give permission to any user of its products to make copies for any purpose including for the purpose of making back-up copies, or to convert to another format. Granting such permission could potentially expose Stellar to a risk of "contributory" infringement.

While Stellar recognizes it has no standing with regard to its competitor's products, it is worth noting that through conversations with some of our competitors, it has been learned that many of these products are being distributed against the behest of these companies as well. Notice should also be taken of the fact that it is not likely that the distribution of products offered in these formats is authorized, and that at the very least a cursory inquiry as to the legality of these products should be conducted by anyone using them.

On a final note, illegal copying, distribution as well as other forms of piracy puts us all at a disadvantage. There are many hard working DJ's/KJ's who have legally purchased their libraries and have a considerable investment in karaoke products. It is grossly unfair for these KJ's to have to compete with those who have obtained their products illegally or in other "questionable" ways. It is also unfair to force the many venues that refuse to allow these illegal products in their facilities either directly or indirectly and likewise have to compete with venues that are not willing to play by the rules. Last but not least are the legitimate manufacturers or producers of karaoke products. It takes a huge amount of effort and resources to create these products (not to mention risk and investment), only to have their products pirated, and in many cases even bootlegged by a number of unscrupulous thieves who will stop at nothing to profit from the hard work of others.