UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT
Thurgood Marshall U.S. Courthouse 40 Foley Square, New York, NY 10007 Telephone: 212-857-8500

MOTION INFORMATION STATEMENT

Docket Number(s): 15-1164-cv

Caption [use short title]: Flo & Eddie, Inc. v. Sirius XM Radio, Inc.

Motion for: Leave to File a Brief Amici Curiae in Support of Defendant-Appellant Sirius XM Radio, Inc.

Set forth below precise, complete statement of relief sought:

The New York State Broadcasters Association Inc. seeks leave to file a Brief Amici Curiae in support of Defendant-Appellant Sirius XM Radio, Inc.

MOVING PARTY: The New York State Broadcasters Association, Inc.
☐ Plaintiff ☐ Defendant
☐ Appellant/Petitioner ☐ Appellee/Respondent

OPPOSING PARTY: Flo & Eddie, Inc.

MOVING ATTORNEY: Adam Bialek

OPPOSING ATTORNEY: Harvey W. Geller

[name of attorney, with firm, address, phone number and e-mail]

Wilson Elser Moskowitz Edelman & Dicker LLP
150 East 42nd Street, NY, NY 10017
212-490-3000 adam.bialek@wilsonelser.com

Gradstein & Marzano, P.C., 6310 San Vicente Blvd, Suite 510, Los Angeles, CA 90048
323-776-3100 hgeller@gradstein.com

Court-Judge/Agency appealed from: U.S. District Court for the Southern District of New York - The Hon. Colleen McMahon, District Judge

Please check appropriate boxes:

Has movant notified opposing counsel (required by Local Rule 27.1):
☑ Yes ☐ No (explain):

Opposing counsel's position on motion:
☐ Unopposed ☑ Opposed ☐ Don't Know

Does opposing counsel intend to file a response:
☐ Yes ☐ No ☑ Don't Know

FOR EMERGENCY MOTIONS, MOTIONS FOR STAYS AND INJUNCTIONS PENDING APPEAL:

Has request for relief been made below? ☐ Yes ☐ No

Has this relief been previously sought in this Court? ☐ Yes ☐ No

Requested return date and explanation of emergency:

Is oral argument on motion requested? ☐ Yes ☑ No (requests for oral argument will not necessarily be granted)

Has argument date of appeal been set? ☐ Yes ☑ No If yes, enter date:

Signature of Moving Attorney: /s/ Adam Bialek **Date:** August 5, 2015

Service by: ☑ CM/ECF ☐ Other [Attach proof of service]

15-1164-cv

United States Court of Appeals

for the

Second Circuit

FLO & EDDIE, INC., a California Corporation,
individually and on behalf of all others similarly situated,

Plaintiff-Appellee,

– v. –

SIRIUS XM RADIO, INC., a Delaware Corporation,

Defendant-Appellant,

DOES, 1 THROUGH 10,

Defendants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK,
HON. COLLEEN MCMAHON, DISTRICT JUDGE

MOTION FOR LEAVE TO FILE A BRIEF *AMICUS CURIAE* OF THE NEW YORK STATE BROADCASTERS ASSOCIATION, INC. IN SUPPORT OF APPELLANT SIRIUS XM RADIO, INC.

DAVID L. DONOVAN
NEW YORK STATE BROADCASTERS
ASSOCIATION, INC.
1805 Western Avenue
Albany, New York 12203
(518) 456-8888

ADAM R. BIALEK
STEPHEN J. BARRETT
WILSON ELSER MOSKOWITZ EDELMAN
& DICKER LLP
150 East 42nd Street
New York, New York 10017
(212) 490-3000

Counsel for Amicus Curiae
The New York State Broadcasters
Association, Inc.

STATEMENT PURSUANT TO FED. R. APP. P. 26.1

The New York State Broadcasters Association, Inc. is a tax-exempt, not-for-profit corporation incorporated in the State of New York. The New York State Broadcasters Association, Inc. has no parent corporations, and no publicly held corporation owns more than 10% of its stock or membership interests.

MOTION OF THE NEW YORK STATE BROADCASTERS ASSOCIATION, INC. FOR LEAVE TO FILE A BRIEF *AMICUS CURIAE* IN SUPPORT OF DEFENDANT-APPELLANT SIRIUS XM RADIO INC.

Pursuant to Federal Rule of Appellate Procedure 29(b), counsel for prospective *amici curiae* respectfully moves for leave to file the accompanying Brief *Amicus Curiae* of The New York State Broadcasters Association, Inc. ("NYSBA"). NYSBA meets the requirements to file an *amicus curiae* brief because the Proposed Brief addresses relevant arguments and presents pertinent facts that were not raised by the Defendant-Appellant, and have a significant impact on NYSBA's members. Plaintiff-Appellee Flo & Eddie, Inc. opposes the instant motion.

The fundamental requirement of Rule 29 is that an *amicus curiae* brief must be "relevant" and "desirable." Fed. R. App. Proc. 29(b)(1). For example, Judge Richard Posner of the Seventh Circuit has noted that *amicus* briefs should "assist the judges by presenting ideas, arguments, theories, insights, facts, or data that are not to be found in the parties' briefs." *Voices for Choices v. Illinois Bell Telephone Co.*, 339 F.3d 542 (7th Cir. 2003). Similarly, Justice Samuel Alito, while serving on the Third Circuit, noted that some *amicus* briefs "'argue points deemed too far-reaching for emphasis by a party intent on winning a particular case. Still others explain the impact a potential holding might have on an industry or other group.'"

Neonatology Assoc. v. Commissioner of Internal Revenue, 293 F.3d 128 (3d Cir. 2002) (*quoting* Luther T. Munford, When Does the Curiae Need an Amicus?, 1 J. App. Prac. & Process 279 (1999)). Here, the Proposed Brief satisfies these basic requirements.

NYSBA is a New York not-for-profit corporation representing the interests of over 450 television and radio stations across New York State. Since 1955, NYSBA has advocated on behalf of broadcasters in forums throughout New York, and the organization offers a variety of services to help the broadcasters of New York State better serve their communities. In that capacity, NYSBA addresses legislative and appellate matters that are of vital concern to its members and their businesses. This is such a case.

As radio and television broadcasters engaged in the transmission of programming that may incorporate pre-1972 sound recordings, the members of NYSBA have a substantial interest in ensuring that the District Court's unprecedented expansion of the common law is undone.

NYSBA, through its *amicus curiae* brief, will provide a valuable and unique perspective on this case drawn from its unique ability to speak to the history of the broadcasting industry, and that industry's interrelationship with the recording industry. NYSBA is also uniquely positioned to address the policy implications

central to the historical debate surrounding public performance rights in sound recordings, and the breadth and scope of those policy implications today.

New York has never recognized a public performance right in sound recordings, and the District Court's sweeping alteration of the law is unsupported by the prior case law, the legislative history at the federal level, and the history of the recording and broadcasting industries in New York State. Despite the absence of any applicable precedent, the District Court held that such a public performance right not only exists, but also suggested in *dicta* that the right may be "broader than the right legislated by Congress, encompassing analog broadcasting." *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 62 F. Supp. 3d 325, 343 (S.D.N.Y. 2014).

The District Court's decision therefore threatens to cast aside almost 100 years of accepted practices in the music broadcasting industry in New York with potentially dire implications for NYSBA's members. Based on the background and interest of *amici*, counsel respectfully requests that the Court grant this motion.

WHEREFORE, the undersigned counsel respectfully requests that the Court grant its motion for leave to file the attached brief *amicus curiae*.

Respectfully submitted,

/s/ Adam R. Bialek
Adam R. Bialek
Stephen J. Barrett
WILSON, ELSER, MOSKOWITZ,
EDELMAN & DICKER
150 E. 42nd Street
New York, New York 10017
(212) 490-3000 (phone)
(212) 490-3038 (facsimile)

Attorneys for The New York State Broadcasters Association, Inc.

CERTIFICATE OF SERVICE

It is hereby certified that on August 5, 2015, the foregoing Motion for Leave to file a brief *amicus curiae* was electronically filed with the Clerk of the Court by using the Court's ECF system. Counsel for the Petitioner and counsel for the Respondent are registered in this case on ECF and will be served with the motion and accompanying brief via the ECF system.

/s/ Adam R. Bialek
Adam R. Bialek
Stephen J. Barrett
WILSON, ELSER, MOSKOWITZ,
EDELMAN & DICKER
150 E. 42nd Street
New York, New York 10017
(212) 490-3000 (phone)
(212) 490-3038 (facsimile)

Attorneys for The New York State Broadcasters Association, Inc.

BRIEF *AMICUS CURIAE*

15-1164-cv

United States Court of Appeals

for the

Second Circuit

FLO & EDDIE, INC., a California Corporation,
individually and on behalf of all others similarly situated,

Plaintiff-Appellee,

– v. –

SIRIUS XM RADIO, INC., a Delaware Corporation,

Defendant-Appellant,

DOES, 1 THROUGH 10,

Defendants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK,
HON. COLLEEN MCMAHON, DISTRICT JUDGE

BRIEF *AMICUS CURIAE* OF THE NEW YORK STATE BROADCASTERS ASSOCIATION, INC. IN SUPPORT OF APPELLANT SIRIUS XM RADIO, INC.

DAVID L. DONOVAN
NEW YORK STATE BROADCASTERS
ASSOCIATION, INC.
1805 Western Avenue
Albany, New York 12203
(518) 456-8888

ADAM R. BIALEK
STEPHEN J. BARRETT
WILSON ELSER MOSKOWITZ EDELMAN
& DICKER LLP
150 East 42nd Street
New York, New York 10017
(212) 490-3000

Counsel for Amicus Curiae
The New York State Broadcasters
Association, Inc.

STATEMENT PURSUANT TO FED. R. APP. P. 26.1

The New York State Broadcasters Association, Inc. is a tax-exempt, not-for-profit corporation incorporated in the State of New York. The New York State Broadcasters Association, Inc. has no parent corporations, and no publicly held corporation owns more than 10% of its stock or membership interests.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

CASES

STATUTORY AUTHORITIES

RULES AND REGULATIONS

LEGISLATIVE MATERIALS

ADDITIONAL AUTHORITIES

The New York State Broadcasters Association, Inc. ("NYSBA") respectfully submits this *amicus curiae* brief in support of the request of Petitioner, Sirius XM Radio, Inc., to reverse the decision of the District Court.

INTEREST OF AMICUS CURIAE

NYSBA is a New York not-for-profit corporation representing the interests of over 450 television and radio stations across New York State.[1] As broadcasters engaged in the transmission of programming that may incorporate pre-1972 sound recordings, the members of NYSBA have a substantial interest in ensuring that the District Court's unprecedented expansion of the common law is undone. Accordingly, NYSBA respectfully submits this brief as *amicus curiae* in support of Petitioner.

SUMMARY OF ARGUMENT

New York has never recognized a public performance right in sound recordings, and the District Court's sweeping alteration of the law is unsupported by prior case law, legislative history at the federal level, and the history of the recording and broadcasting industries in New York State. Despite the absence of any applicable precedent, the District Court held that such a public performance

[1] Under Fed. R. App. P. 29(c)(5), NYSBA certifies that no party's counsel authored this brief in whole or in part; no party or party's counsel contributed money intended to fund the preparation or submission of the brief; and no person other than NYSBA or its members contributed money intended to fund the preparation or submission of the brief.

right not only exists, but suggested in *dicta* that the right may be "broader than the right legislated by Congress, encompassing analog broadcasting." SPA-24.

But broadcast radio is fundamentally different from satellite radio; broadcast radio is not subscription based and has been a fixture in the music industry for decades. In fact, broadcast radio is the very medium that made Respondent's music famous by disseminating it to the public at large at no cost. A79. After concededly benefiting immensely from radio play in the 1960s when their musical format was at peak popularity (A79), and despite never seeking royalties under any legal theory at the time (A84), Respondent now seeks to belatedly assert rights that will predominantly harm broadcasters that play less popular niche formats that continue to promote Respondent's back catalogue. Such a result would be perverse.

The District Court's decision therefore threatens to cast aside almost 100 years of accepted practices in the music broadcasting industry, while simultaneously circumnavigating the legislature and throwing copyright licensing into total disarray.

ARGUMENT

I. New York's History and Jurisprudence Do Not Support the Recognition of a Common Law Performance Right in Sound Recordings.

The common law promotes pragmatism; it does not invite chaos. For this reason, the New York Court of Appeals has stated that "sweeping" changes to the common law "clash with our customary incremental common-law developmental process..." *Norcon Power Partners, L.P. v. Niagara Mohawk Power Corp.*, 92 N.Y.2d 458, 467 (1998). In other words, the wholesale creation of new rights at common law should be sparingly countenanced.

In the present case, the District Court fashioned a new common law performance right in sound recordings that heretofore never existed. It did so without proper reflection upon past rules that were born out of the unique history of New York's music and broadcasting industries. It did so without adequately considering the present economic realities of those industries, or the resulting harm and inefficiencies that the newly fashioned right will unleash. And it did so while drawing the wrong lessons from the history of the federal framework under the Copyright Act. As a result, the District Court's ruling inaccurately predicts how the New York Court of Appeals would rule on the question of public performance rights in sound recordings. *See, City of Johnstown, N.Y. v. Bankers Standard Ins. Co.*, 877 F.2d 1146, 1153 (2d Cir. 1989).

a. *The Lower Court's Ruling is Premised on False Analogies and Inapposite Case Law.*

The lower court purports to premise its conclusions on an historical analysis, but that analysis is deeply flawed by false equivalences. The District Court's ruling suffers from three primary historical misunderstandings.

1. Performance Rights in Sound Recordings Are Not Analogous to Similar Rights in Plays or Films

The lower court presumes that New York's recognition of performance rights in plays and films suggests that analogous rights in sound recordings would be similarly recognized. In so doing, the District Court paints with far too broad a brush. The flawed conflation of plays/films with sound recordings is made without any consideration of the fundamental differences between these media, or the history of their exploitation.

First, New York's protection of films and plays at common law was simply a gap-filling measure that reconciled state law with the federal scheme. Before the 1976 Copyright Act's broad federalization, copyright law operated in a dual system of federal and state copyright protection where the dividing line was publication.

On the federal level, Congress granted performance rights in plays in 1856. *See*, Copyright Act of Aug. 18, 1856, ch. 169, 11 Stat. 138 (1856). Likewise, films received federal protection in 1912. *See*, Act of Aug. 24, 1912, ch. 356, 37 Stat.

488 (1912). However, under the 1909 Copyright Act, these federal protections applied only to "published" works. The New York common law subsequently extended common law protection to unpublished films and plays to make the law consistent. By contrast, Congress never granted a general performance right in sound recordings and, consistent with federal law, neither did New York State.

Second, New York's common law protection for unpublished films and plays was only relevant in the pre-1976 world, i.e. prior to the eradication of the publication distinction. Prior to 1976, before common usage of the VCR, performances of films and plays were not subject to repeat consumption—consumers typically saw a movie or film once at the theater. As a result, a single unauthorized performance of a play or film could destroy the market for the work in a way that simply never applied to performances of recorded musical works.

In fact, a single performance of a musical recording generates *more* interest in public consumption of the copyrighted work, not less. Radio airplay in particular has been shown to increase music industry sales of albums and digital tracks by "at minimum 14 percent and as high as 23 percent."[2] Therefore, while unpublished films and plays may have needed a robust common law performance right to guard against illicit performances, musical sound recordings did not, and

[2] James N. Dertouzos, *Radio Airplay and the Record Industry: An Economic Analysis* (2008) [hereinafter "Dertouzos"] at 5, available at https://www.nab.org/documents/resources/061008 _Dertouzos_Ptax.pdf.

do not, suffer from similar economic harms through unfettered play—in fact, these recordings enjoy substantial benefits.

Third, New York's recognition of a performance right in plays and films did not create overlapping (and potentially conflicting) performance rights between authors and performers. Composers of musical works have enjoyed performance rights in their compositions since 1897—contemporaneous with the emergence of commercial sound recording. *See*, Act of Jan. 6, 1897, ch. 4, 29 Stat. 481, 481-82; 17 U.S.C. § 106(4). Unsurprisingly, with the emergence of that medium, composers strenuously objected to the creation of a performance right in sound recordings because they did not want their ability to exploit their works burdened by newly created rights inuring to third parties (especially in light of composers' inability to selectively refuse which performers recorded their compositions due to the compulsory licensing terms of 17 U.S.C. § 115). *See*, *Performance Rights in Sound Recordings, Subcommittee on Courts, Civil Liberties, and the Administration of Justice, House Comm. on the Judiciary*, 95th Cong., 2d Sess. (1978) [hereinafter "1978 Performance Rights Report"], at 34-5 (cataloguing composers' objections to performance rights in sound recordings throughout the 1930s, -40s and -50s).

There are simply no analogous competing policy considerations underlying the common law rights of performance in plays or films.[3] Accordingly, the District Court's conflation of films and plays with sound recordings is inapt.

2. Common Law Copyrights in Sound Recordings Do Not Include Performance Rights

The lower court misreads *Capitol Records, Inc. v. Naxos of Am., Inc.*, 4 N.Y.3d 540 (2005) for the proposition that previous "judicial silence" as to the existence of a performance right in sound recordings is of no moment in the current inquiry. To the contrary, *Naxos* reiterated and clarified the longstanding rule in New York that common law rights in sound recordings protect against unauthorized reproduction *only*. As the New York Court of Appeals expressly held in *Naxos*, "A copyright infringement cause of action in New York consists of two elements: (1) the existence of a valid copyright; and (2) *unauthorized reproduction* of the work protected by the copyright." *Id*. at 563 (emphasis added); *see also*, *RCA Mfg. Co. v. Whiteman*, 114 F.2d 86, 87 (2d Cir. 1940)

[3] In addition, the copyrightability of films and plays never presented any significant legal quandary for the courts, whereas the question of whether sound records were "writings" entitled to copyright protection, or mere mechanical objects, was a significant source of constitutional debate at the federal level until 1973. *See, Goldstein v. Cal.*, 412 U.S. 546, 93 S. Ct. 2303, 37 L. Ed. 2d 163 (1973); *see also*, H.R. 9703, 76th Cong., 3d Sess. (1940) ("there is considerable opposition to giving copyright in recordings for they are not commonly creations of literary or artistic works but uses of them.").

("Copyright…consists only in the power to prevent others from reproducing the copyrighted work.").

Aside from arcane issues surrounding publication's destruction of common law rights, it has been long understood in New York that a performer can enjoin unauthorized reproduction of her recordings at common law. *See, e.g.*, *Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp.*, 101 N.Y.S.2d 483 (N.Y. Sup. Ct. 1950). Immediately following *Metropolitan Opera*, the New York Legislature passed bills making unauthorized dubbing of sound recordings a penal offense in 1952, 1953, and 1955. *See*, Barbara Ringer, *The Unauthorized Duplication of Sound Recordings*, Copyright Law Revision Studies, Study No. 26, at 9 (1957) [hereinafter "Study No. 26"] (citing New York's legislative history).

While these criminal statutes were vetoed by the Governor's office, the Legislature's strong support of these bills in the early 1950s buttressed the civil law's understanding that unauthorized reproduction violates public policy. In fact, on a nationwide basis, "[t]here was practically no direct opposition to the principle of protection of sound recordings against unauthorized dubbing" by 1957. *Id*. at 37. New York ultimately became the first state to pass a criminal prohibition of illegal dubbing in 1967. *See*, N.Y. Gen. Bus. Law art. 29-D; *see also*, N.Y. C.L.S. Penal Law § 275.00, which "transferred offenses that previously had been in the

General Business Law to the Penal Law…" *People v. Kane*, 14 Misc. 3d 283, 286, 823 N.Y.S.2d 658 (N.Y. City Crim. Ct. 2006).

As such, New York's recognition of a common law reproduction right in sound recordings was consistent with legislative action. By contrast, New York courts never envisioned the grant of performance rights in sound recordings, and no analogous legislative guideposts even suggest the existence of such a right.

For this reason, performers repeatedly lobbied at the federal level for the creation of a performance right—expressly lamenting that state law offered no protection. As those federal proceedings show, the fact that sound recordings do not enjoy common law performance rights has been uncontested for almost 100 years.

For example:

- 1936: It was "assumed generally that ordinary dubbing of sound recordings could be effectively prevented at common law," but performers were concerned that they could not "control[ ] broadcasting and public performance." Study 26 at 29 (*citing Hearings Before the House Committee on Patents on Revision of Copyright Laws*, 74th Cong., 2d Sess. 113, 639, 653, 655-656, 1181 (1936)).

- 1939: "[P]erformers sought [federal] copyright protection for their own products," and "stressed the inadequacy of [state] common law protection in this area." *Id*. at 33 (summarizing letters submitted by stakeholders to the Committee for the Study of Copyright).

- 1947: Performers advocated a bill described as designed "to prevent the broadcasting and public performance of records" by "insist[ing] upon…the inadequacy of common law protection." *Id*. at 36 (*citing Hearings Before the Subcommittee on Patents, Trade-Marks, and Copyright of the House Committee on the Judiciary on H.R. 1270, and H.R. 2570*, 80th Cong., 1st Sess. (1947)).

- 1965: A federal performance right in sound recordings was abandoned by Congress because "under the situation now existing in the United States, [the] recognition of a right of public performance in sound recordings would make the general revision bill so controversial that the chances of its passage would be seriously impaired." Register's supplementary report at 51-52, H.R. 4347, 89th Cong., 1st Sess. Sec 112 (1965).

- 1965: The Register of Copyrights, Abraham L. Kaminstein, testified that a bill "denying [sound recordings] rights of public performance…reflects—accurately, I think—the present state of thinking on this subject in the United States." *Copyright Law Revision, Hearings on H.R. 4347, H.R. 5080, H.R. 6831, H.R. 68351, Before Subcommittee No. 3 of the House Judiciary Committee*, 89th Cong., 1st Sess., Parts 1, 2, and 3 (1965).

- 1967: Barbara Ringer, future Register of Copyrights, testified that if Congress "withholds performing rights in sound recordings, it should do so with the full realization that no such rights can be sought alternatively under state common law theories…" Copyright Law Revisions, *Hearings Before the Subcommittee on Patents, Trade-marks, and Copyrights of the Senate Judiciary Committee, 90th Cong.*, 1st Sess., pt. 4 at 1177 (1967).

- 2011: The U.S. Copyright Office stated: "In general, state law does not appear to recognize a performance right in sound recordings." U.S. COPYRIGHT OFFICE, FEDERAL COPYRIGHT PROTECTION FOR PRE-1972 SOUND RECORDINGS: A REPORT

OF THE REGISTER OF COPYRIGHTS 44 (2011) [hereinafter "2011 Copyright Office Report"].

The foregoing represents an unbroken chain of analysis set forth by the U.S. Congress, the U.S. Copyright Office and its officials, and the interested performers themselves over the course of 75-plus years. Performers' failure to assert a common law right in their sound recording over those years is far from inexplicable (as suggested by the lower court); rather, it is logical. Everyone always understood what *Naxos* confirmed in 2005: New York common law rights in sound recordings only protect against unauthorized reproduction, and no right of public performance exists for such recordings at common law.

3. The Scope of the Federal Copyright Act Supports the Conclusion that the Common Law Does Not Recognize Performance Rights in Sound Recordings

Finally, the District Court premises its ruling on the text of the federal Copyright Act, saying that the 1971 amendments' "express carve-out for public performance strongly suggests that, absent such an explicit limitations, holder [sic] of sound recording copyrights would have enjoyed the entire bundle of rights traditionally granted to copyright holders…" SPA-21. However, this analysis ignores the entire history of the debate leading up to the passage of the 1971 amendments.[4]

[4] In fact, there was a longstanding scholarly debate as to whether copyright protection was ever properly part of the common law in light of the House of

Congress must always consider how broad or narrow a set of rights to grant to any given category of work. For example, the Copyright Act underwent several amendments before recognizing performance rights in musical compositions.[5] This historical Congressional determination to initially exclude performance rights from the rights appurtenant to musical compositions did not represent a "carve-out" designed to alter composers' common law copyrights. Rather, it reflected Congress's well-reasoned approached to determining how broad or narrow a copyright to grant in musical compositions.

The same can be said for sound recordings and the 1971 amendments. As already alluded to *supra*, there is a rich and complex history surrounding the federal debate over whether copyrights appurtenant to sound recordings should be

---

Lords' decision in *Donaldson v. Becket*, 17 Parl. Hist. Eng. 953 (H.L. 1774). *See, e.g.*, Howard B. Abrams, *The Historic Foundations of American Copyright Law: Exploding the Myth of Common Law Copyright*, 29 Wayne L. Rev. 1119 (1983).

[5] The 1831 Copyright Act, which first granted copyright protection to authors of musical compositions, did not provide a public performance right. *See*, Act of Feb. 3, 1831, ch. 16, § 1, 4 Stat. 436. Musical compositions were also excluded from the expansion of public performance rights under the copyright law revisions of 1870. *See*, Act of July 8, 1870, ch. 230, § 86, 16 Stat. 198, 212. It was not until 1897 that Congress added a public performance right in musical compositions to the federal scheme. *See*, Act of Jan. 6, 1897, ch. 4, 29 Stat. 481, 481-82.

recognized at all and, if so, to what extent.[6] That debate weighed numerous considerations and still no performance right in sound recordings was created.[7]

In 1961, after years of study, the Register of Copyrights stated in a report to Congress that "Many complex issues [had] not yet crystallized…among which was the scope…of protection to be accorded" to sound recordings. House Committee on the Judiciary, 87th Cong., 1st Sess., Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, (Comm. Print 1961). With no resolution, the debate lingered for another decade.

Congress was only spurred into action in 1971 with respect to the recognition of a reproduction right in sound recordings because "the unauthorized duplication of sound recordings became widespread" "[w]hile action on the general revision bill was necessarily delayed" for "further study." H.R. Rep. 94-

[6] See Study No. 26, at 21-37 for a detailed overview of the debate between 1925 and 1951. See the 1978 Performance Rights Report, at 37-58 for an overview of the debate between 1957 and 1977. In total, more than 30 bills were introduced with the intention of extending copyright protection to sound recordings before the 1971 Sound Recording Amendment was passed.

[7] There was a constitutional debate. *See*, H.R. 9703, 76th Cong., 3d Sess. (1940) ("there is considerable opposition to giving copyright in recordings for they are not commonly creations of literary or artistic works but uses of them."). There was debate over whether the performer, the producer, the record company, or some combination thereof should be the owner of the proposed sound recording copyright. *See*, 1978 Performance Rights Report at 33-35, 43 (discussing the legislative history). And there was a considerable debate surrounding the need to sufficiently protect the already-established rights of composers under any expansion of the law that would inure to the benefit of performers. *Id*. at 33-35.

1476, Sec. 114 (1976). In other words, the 1971 amendments were a reaction to a new set of market conditions that warranted, for the first time, the grant of a limited copyright in sound recordings in order to prevent unauthorized duplication.[8]

Contrary to the District Court's analysis, the 1971 amendments did not expressly restrict the bundle of rights appurtenant to sound recordings. Rather, the 1971 amendments afforded rights to sound recordings that never before existed at the federal level. The narrowness of the 1971 expansion was made explicit to eliminate any ambiguity as to the scope of the grant, in light of the competing policy questions that had vexed Congress for decades. Notably, the scope of the protection ultimately afforded to sound recordings at the federal level reflects the same balance struck by the New York common law (as described in *Naxos*), i.e. both protect against unauthorized reproduction only.

Writing on the same canvas, Congress next addressed the topic of performance rights in sound recordings in connection with the Digital Performance

[8] The desire to curb dubbing was the root cause of the 1971 amendments' exemption of pre-1972 recordings from the federal scheme. Specifically, the U.S. Justice Department and the Recording Industry Association of America were concerned that federal abrogation of state anti-piracy rules would lead to a resurgence of piracy for pre-1972 recordings because such recordings were fixed prior to the new federal protections. *See*, 2011 Copyright Office Report at 15-16. As such, the 1971 amendments were entirely directed at anti-piracy, and in no way reflected an intention to preserve or create performance rights in sound recordings under the common law.

Right in Sound Recordings Act of 1995 ("DPRA"). Recognizing that no performance rights in sound recordings existed at either the state or federal level, the Congress weighed the need to provide sound recordings with a limited performance right for digital audio transmissions.

In that context, the Senate recognized the fundamental difference between over-the-air terrestrial radio and other types of audio transmissions, saying:

> …performers have benefitted considerably from airplay and other promotional activities provided by…free over-the-air broadcast…[The Digital Performance Right in Sound Recordings Act of 1995] should do nothing to change or jeopardize [the recording and broadcast industries'] mutually beneficial relationship.

U. S. Congress, Senate Judiciary Committee on the Judiciary, Digital Performance Right in Sound Recordings Act of 1995, 104th Cong., 1st Sess., August 4, 1995, S.Rept. 104-128, pp. 14-15. The Congress appreciated the unique role that free, over-the-air, terrestrial radio plays in promoting the works of performers to their great financial benefit—a benefit that Respondent concedes it enjoyed. A79. Broadcast radio was therefore exempted from the DPRA in recognition of this unique relationship and history. *See*, 17 U.S.C. § 114(d).

The District Court's decision operates antithetically—casting aside years of historical debate to retroactively recognize a right at common law that could never have been asserted in light of the unique history of New York's music and broadcast industries.

b. *The History of New York's Music and Broadcast Industries Belies the Existence of a Common Law Right of Performance in Sound Recordings.*

"[W]hen examining copyright law, a page of history is worth a volume of logic." *Naxos*, 4 N.Y.3d at 546 (internal quotations omitted). While the legal history discussed above is important, the factual history is equally vital in understanding why New York common law did not develop a performance right in sound recordings.

Sound recording in the United States began with Thomas Edison's invention of the phonograph in 1877. WALTER L. WELCH & LEAH BRODBECK STENZEL BURT, FROM TINFOIL TO STEREO 8-18 (1994). The music industry, however, was not driven by commercial recordings until decades later. Rather, the market paradigm of the 1920s and 1930s was to use radio airplay to drive sheet music sales. *See*, Shourin Sen, *The Denial of General Performance Right in Sound Recordings: A Policy that Facilitates Our Democratic Society*, 21 Harv. J.L. & Tech. 233, 243 (Fall 2007) [hereinafter "Sen"]. In that era, New York's Tin Pan Alley employed "pluggers" to pay substantial sums to see selected songs become hits through radio play, and it turned that exposure into profits. *See*, *Id*. at 233, 243-46 (citing KERRY SEGRAVE, PAYOLA IN *THE MUSIC INDUSTRY: A HISTORY* 1880-1991 37 (1994)).

In the 1940s, ASCAP and BMI entered into consent decrees in response to government actions brought under the Sherman Act. The practical effect of these

decrees was to make the performance rights organizations more equitable—giving individual composers a greater interest in having their songs played on the radio. *Id*. at 244, 251. Radio airplay thus became an even bigger business, as each play, or "spin," meant greater royalties for the composer.

As a result, composers did not want anything to disincentivize their airplay—for example, a performance right in sound recordings that would increase the cost-per-play incurred by radio stations by adding a second set of royalties in which composers had no stake. For this reason, composers (backed by ASCAP) strenuously fought against the recognition of performance rights in sound recordings throughout the 1940s and 1950s. *See*, 1978 Performance Rights Report at 34-35.

Meanwhile, the desire for increased spins to drive royalty collection and record sales led to even more widespread payola practices.[9] Far from wanting radio stations to pay a second set of royalties to performers on a per spin basis, the music industry was instead paying radio stations to promote their records. These practices led to the Congressional Payola Investigations of 1959, and the 1960 amendment of 47 U.S.C. § 317, which requires disclosure of payments made for the broadcasting of certain matter.

[9] As Billboard Magazine noted in 1949, "Payola, in one form or another, is as old as the music business." *Pluggers war on old curse*, Billboard Magazine, at 3, 13, 47 (Oct. 29, 1949).

But those hearings did not end the recording industry's reliance on radio. In 1962 the House Committee on Education and Labor made the following observation:

> One of the conclusions reached…is that the broadcasting industry is an *indispensible* promotion arm of the record industry…

Hearing on the Economic Conditions in the Performing Arts Before the Select Subcommittee on Education of the House Committee on Education and Labor, 87th Cong., 1st and 2d Sess. (1961-62) (emphasis added).

In short, it has long been "an accepted fact that radio play stimulates record sales by exposing new releases to potential buyers; in other words, radio play advertises records." Robert L. Bard & Lewis S. Kurlantzick, *A Public Performance Right in Recordings: How to Alter the Copyright System Without Improving It*, 43 Geo. Wash. L. Rev. 152 (1974). As the Third Circuit aptly recognized:

> The recording industry and broadcasters existed in a sort of symbiotic relationship wherein the recording industry recognized that radio airplay was free advertising that lured consumers to retail stores where they would purchase recordings. And in return, the broadcasters paid no fees, licensing or otherwise, to the recording industry for the performance of those recordings.

Bonneville Int'l v. Peters, 347 F.3d 485, 487-88 (3d Cir. 2003) (footnote omitted). As a result, the trajectories of the music and broadcast industries have been linked

since their inception, and New York State was at the epicenter of this confluence dating back to rise of Tin Pan Alley at the turn of the 20th Century.

This dynamic has persisted into the modern era. In 2008, Stanford University's James Dertouzos, Ph.D conducted a study that found "a significant portion of music industry sales of albums and digital tracks can be attributed to radio airplay – at minimum 14 percent and as high as 23 percent," which "provid[es] a significant sales benefit that ranges between $1.5 and $2.4 billion in incremental revenue annually." Dertouzos at 5, 72.

In sum, there is simply nothing in the historical record to support the District Court's presumption that the New York common law evolved to recognize a performance right in sound recordings. Such recognition would have disrupted two organically developing, interrelated industries to the detriment of all parties. This is not how the common law operates.

The common law is nothing if it is not pragmatic. *See*, *Barker v. Parnossa, Inc.*, 39 N.Y.2d 926, 927 (1976) (Breitel, C.J., concurring) ("The common law is served best by…a process of evolution which does not disrupt the essential pragmatism of the common law…"). The common law should not, and cannot, be morphed into a weapon that disrupts settled business expectations adhered to for over a century. To do so would undermine the essential nature of the common law as it has been understood by jurists throughout our country's history. Rather, such

a fundamental shift in New York's law and industry can only be properly effectuated by an act of the Legislature. *See, Campaign for Fiscal Equity, Inc. v. New York*, 8 N.Y.3d 14, 28 (2006); *Chamberlain v. Feldman*, 300 N.Y. 135, 139-40 (1949). Therefore, the District Court's ruling must be reversed.

II. The Recognition of a Common Law Performance Right in Sound Recordings Would Be Impractical and Destructive.

Just as the recognition of a performance right was unthinkable across the first 100 years of New York's broadcasting history, it remains completely impractical today. If the District Court's unprecedented expansion of the common law is not overturned, business expectations developed over the course of a century will be upheaved with dire consequences for New York State's broadcasters. The negative outcomes wrought by such a ruling would take three broad forms: financial distress for broadcasters, perverse incentives for artists,[10] and uncertainty for everyone.

[10] Briefly stated, a retroactive expansion of common law copyrights spurs no incentive for future creation by performers. Such a dramatic policy shift also threatens to undermine a system that has incentivized the emergence of singer-songwriters over the last 75 years. As one commentator explains, the incentive to compose in order to obtain performance royalties has caused the number of writer-performers to steadily increase for decades: "7% in 1950; 22% in 1960; 50% in 1970; 60% in 1980; 64% in 1990; 68% in 2000; and 88% in 2004." Sen at 235. The end result is that "[t]he denial of a full performance right in sound recording benefits democracy by decentralizing the music production process…" *Id*. at 265. The District Court's ruling would undo those incentives.

a. *The Local Costs*

Of the 398 licensed commercial radio stations in New York State, there are approximately 86 stations that broadcast in oldies, classic rock, or Nostalgia/Big Band formats.[11] *See*, Mark R. Fratrik, *How Will the Radio Industry Be Affected by Pre-1972 Music Performers' Fees* 1 (July 27, 2015), *available at* biakelsey.com [hereinafter "Fratrik"]. In other words, approximately 22% of New York's commercial radio stations carry an oldies-style format.[12] These formats—the ones most likely to be impacted by pre-1972 performance rights—are already among the least prosperous in the New York broadcasting industry. "In terms of revenue, 'Oldies' or 'Nostalgia/Big Band' formats rank fairly low (10th and 14th, respectively)." *Id*. at 4. As a result, any increase in these stations' licensing overhead threatens to force them from the market.

While it is impossible to predict how much any particular station's overhead would increase if a broad common law performance right was applied to terrestrial radio, there are approximations that can be made. None of them are good for the viability of stations that would play pre-1972 sound recordings in New York.

---

[11] There are also a number of stations that play different formats during different parts of the day, which may include formats (like oldies) that rely heavily on pre-1972 recordings. *See*, Fratrik at 2.

[12] New York State has 198 non-commercial radio stations that may also utilize pre-1972 recordings, and these public radio stations face potential hardship if the District Court's ruling stands.

Media and advertising experts BIA Kelsey recently conducted a survey of studies aimed at quantifying the potential impact of a new performance right in sound recordings in New York. The report found that radio stations nationwide face millions (perhaps billions) of dollars of expense if a performance right in sound recordings is adopted. Fratrik at 7-8.[13] The report also estimated that New York radio stations, in particular, face a potential royalty expense ranging perhaps as high as 15% of their total revenues should the District Court's ruling stand. *Id*.

It is highly likely that such a significant reduction in profitability could drive a number of pre-1972 formatted radio stations from the airwaves in New York. The 86 New York local stations with a primary format directed toward pre-1972 titles have a median annual revenue of a mere $375,000. *Id*. at 5. As these stations already operate at the margin, any significant reduction in profitability could sound the death knell for such stations.

Moreover, the studies considered by BIA Kelsey necessarily underestimate the potential impact for terrestrial radio stations because the cited studies are predicated on the adoption of a nationwide, uniformly administered scheme under the Copyright Act. By contrast, if a new performance right is suddenly created as a

[13] *See*, Government Accountability Office, *Telecommunications: The Proposed Performance Rights Act would result in additional costs for Broadcast Radio and Additional Revenue for Record Companies, Musicians and Performers* (Aug. 2010); Bishop Cheen, *Radio v. the Music Business: An Update on Discord*, SNL Kagan Financial Blog (April 12, 2015).

creature of state common law, the administrative costs will be incalculably greater because every newly recognized rights holder could demand separate, shotgun negotiations for the titles in their catalogue.

There is no way to aggregate and distribute these new costs across the marketplace. Establishing a uniform system to grant and administer blanket licenses on a state-by-state basis would be impossibly inefficient. No state has ever established such a blanket licensing system, and the Legislature is unprepared and unwilling to proceed. Meanwhile, the courts are not empowered to fashion the kind of regulatory solution that would be necessary.

Simply determining the proper copyright owners would be a monumental task given the age and multitude of the recording contracts at issue. There is no state registry of copyrights to consult for guidance, and the courts cannot fashion one.

Royalty collection poses an even larger morass.[14] In the past, even proponents of a federal performance right have acknowledged the need for legislated oversight of the administrative costs attendant to the licensing issues that such a right would create. For that reason, most proposed federal legislation in this

[14] ASCAP and BMI suffered significant growing pains in their first 25 years of existence between 1914 and 1941, and only became workable because they were national in scope. *See*, Sen at 244-45. The blanket licensing model of these performing rights organizations would become unwieldy if applied in a state by state patchwork under the common law.

area has included a compulsory license system coupled with rate oversight by the Register of Copyrights or another third party entity. *See, e.g., Copyright Law Revision, Hearings on H.R. 4347*, H.R. 5080, H.R. 68351 Before Subcommittee No. 3 of the House Judiciary Committee, 89th Cong., 1st Sess. Part 2, at 1419 (1965); *Copyright Law Revision, Hearings Before the Subcommittee on Patents, Trade-marks, and Copyright of the Senate Judiciary Committee*, 90th Cong., 1st Sess., sec. 15, "sec. 177(a)" (1967); S. 543 Sec. 114(c)(3), 91st Cong., 1st Sess. (Committee Print 1969); H.R. 6063, 95th Cong., 1st Sess. (1977). Similarly, the public performance right for digital audio transmissions in the DPRA is subject to a statutory license for non-interactive transmissions. *See*, 17 U.S.C. § 114. The District Court's expansion of the common law provides no such safety net.

The United States District Court for the Southern District of Florida aptly recognized these issues when declining to recognize performance rights under Florida law:

> if this Court was to recognize and create this broad right in Florida, the music industry — including performers, copyright owners, and broadcasters — would be faced with many unanswered questions and difficult regulatory issues including: (1) who sets and administers the licensing rates; (2) who owns a sound recording when the owner or artist is dead or the record company is out of business; and (3) what, if any, are the exceptions to the public performance right. The Florida legislature is in the best position to address these issues, not the Court.

Flo & Eddie, Inc. v. Sirius XM Radio, Inc., 2015 U.S. Dist. LEXIS 80535, at *14 (S.D. Fla. June 22, 2015).

In the absence of legislative guidance, New York State will endure a chaotic hodgepodge of licensing disputes. Instead of uniform rate setting, New York will have rampant litigation. Undoubtedly, this litigation will be marred by inconsistent jury verdicts and forum shopping, as an analysis of common law copyright damages has no guiding precedent in the current context.

In other common law copyright contexts, copyright owners are entitled to actual damages. In New York, actual damages are generally calculated as lost profits. *See*, *Arista Records LLS v. Lime Grp. LLC*, 2010 U.S. Dist. LEXIS 144554, at *10 (S.D.N.Y. Oct. 15, 2010). In assessing lost profits, the courts look to "actual and potential licensing arrangements [that] might shed light on the amount of profits that Plaintiffs would have made…" *Id*. Some plaintiffs may also inappropriately seek punitive awards, even in the absence of proof of actual damages. *King v. Macri*, 993 F.2d 294, 297 (2d Cir. 1993); *Roy Exp. Co. Establishment v. Columbia Broad. Sys., Inc.*, 672 F.2d 1095, 1106 (2d Cir. 1982).

Despite the long history of music broadcasting in New York, there is not a single case that serves as a guidepost for judges and juries to apply these damages standards in a case involving the broadcast of sound recordings. In addition, most radio stations in New York broadcast into several different counties. Multi-county

jurisdiction coupled with a lack of guidance from the case law is a recipe for inconsistent verdicts and forum shopping.

The threat of unpredictable verdicts is further compounded by New York's three year statute of limitations for common law copyright claims. *See, Urbont v. Sony Music Entm't*, 863 F. Supp. 2d 279, 286 (S.D.N.Y. 2012). Retroactively analyzing three years of radio airplay will subject stations to burdensome costs and incalculable damages exposure—all related to a performance right that the District Court admits has never been enforced in over 100 years of radio broadcasting in the state.

All of the foregoing will unleash untold negative repercussions on at least 22% of New York's commercial radio stations that operate in formats relying heavily on pre-1972 recordings. These stations simply cannot internalize the magnitude of these costs. Advertisers enjoy a very competitive market such that even slight increases in pricing make other media outlets immediately more appealing. Fratrik at 3. While some stations could attempt to screen out pre-1972 recordings to avoid increased licensing costs, the need to employ additional staff for this purpose would likely outpace any realized savings. *Id*. at 3. Other stations (e.g. Big Band formats) would have no practical way to even attempt such screening. *Id*.

As a result, stations employing these formats will face a single logical option: switch formats. *Id*. at 3-5. This inevitable result is inherently inefficient. As rational economic actors, stations employing oldies formats do so because, despite focusing on niche markets, the programmers have determined that these formats are the most profitable for them in the marketplace. By economically forcing these stations to switch formats, the stations will become less effective and less competitive. *Id*. at 5.

As these stations become less economically viable, they will also have fewer resources to devote to public service. For example, "during emergencies [such as hurricanes] radio stations often forego traditional advertising (and revenue) to provide news 24 hours a day." *Id*. at 6. Federal Emergency Management Agency Administrator Craig Fugate has stated that broadcast radio is, at times, the only way to receive emergency information during a disaster, when other services are jammed with over use. The public's reliance on over-the-air radio during Superstorm Sandy exemplifies this point.[15] Stations are only able to provide this

[15] Mario Trujillo, *FEMA Administrator warns of cellphone vulnerabilities during emergencies*, *The Hill*, Oct. 20, 2014, *available at* http://thehill.com/policy/technology/221301-fema-administrator-warns-of-cell-vulnerabilities-during-disasters.

For example, unlike other communications systems that suffered significant outages, New York's radio stations continued to broadcast during Superstorm Sandy to the most devastated areas of Long Island and the five boroughs. During the storm there was an increase in radio listenership by 70% in Manhattan and

type of 24/7 emergency coverage because they have the economic resources to continue broadcasting, often without commercials. If an entire subset of radio stations is pushed further toward the margins of unsustainablity, these stations will be unable to forego revenue producing content in favor of free broadcasts aimed solely toward the public welfare.

In sum, the community of broadcasters, performers, and listeners will suffer a net loss. The public will lose free over-the-air access to pre-1972 recordings, while performers (even those who never intended to seek royalties on their recordings) will lose the benefit of free advertising that radio provides. These destructive policy implications are exactly why performance rights were historically controversial, and why such rights simply cannot arise under the common law.

b. *The Uncertain National Implications*

In addition to irreparable cost increases locally, the District Court's ruling also opens several "Pandora's Boxes" on a national level that a measured, pragmatic common law approach cannot justify.

For example, many radio stations in New York receive pre-packaged nationally syndicated content that frequently contains pre-1972 recordings. In

---

245% on Long Island. *See, Radio Listening Explodes During Superstorm Sandy in New York Metro Area*, All Access (Nov. 19, 2012), *available at* http://www.allaccess.com/net-news/archive/story/112711/radiolistening-explodes-during-superstorm-sandy-i.

response to New York's new, ambiguous performance licensing obligations, it is unlikely that these national syndicators will begin crafting state specific programming (as that undermines the purpose of national syndication), or risk the possibility of secondary liability. Rather, if New York, a major media market, creates a new compliance floor, all pre-1972 recordings may be purged from markets around the country.

It is also unclear how neighboring states will be affected. Stations in abutting jurisdictions, such as New Jersey, Connecticut, Pennsylvania, Massachusetts, and Vermont have broadcast signals that spill into New York. The District Court's ruling appears to subject these stations' programming choices to the contours of New York's common law copyright rules—even if only a fraction of their listenership is located in New York.[16]

The net result of the foregoing will be widespread inefficiency, confusion, and damage: further overburdened courthouses, skyrocketing litigation costs, and untenable, unpredictable settlement and licensing negotiations. The common law is designed to remedy conflicts and fashion efficient outcomes—not create chaos. As such, the District Court's prediction of how the New York Court of Appeals would rule on the question of public performance rights in sound recordings was most assuredly incorrect, and must be reversed.

[16] This consideration buttresses Petitioner's arguments regarding the application of the Dormant Commerce Clause. *See*, Petitioner's Brief, Point II.

CONCLUSION

For the reasons set forth above, the Decision and Order of the District Court should be reversed.

Respectfully submitted,

WILSON, ELSER, MOSKOWITZ,
EDELMAN & DICKER

/s/ Adam R. Bialek
Adam R. Bialek
Stephen J. Barrett
150 E. 42nd Street
New York, New York 10017
(212) 490-3000 (phone)
(212) 490-3038 (facsimile)

Attorneys for The New York State Broadcasters Association, Inc.

CERTIFICATE OF COMPLIANCE

Pursuant to Fed. R. App. P. 29(d) and 32(a)(7)(B)-(C), the undersigned counsel certifies as follows:

1. This brief complies with the type-volume limitation for an amicus brief under Fed. R. App. P. 32(a)(7)(B) (setting the maximum length for a party's principal brief at 14,000 words) and Fed. R. App. P. 29(d) (setting the maximum length of an amicus brief at one-half the maximum length for a party's principal brief) because this brief contains, according to the word count of the word processing system used to prepare this brief, 6,882 words, excluding those portions of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii).

2. This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because this brief has been prepared in a proportionally spaced typeface using Microsoft Office Word 2010 Professional Plus Edition in 14-point Times New Roman font.

/s/ Adam R. Bialek
Adam R. Bialek
Stephen J. Barrett
WILSON, ELSER, MOSKOWITZ,
EDELMAN & DICKER
150 E. 42nd Street
New York, New York 10017
(212) 490-3000 (phone)
(212) 490-3038 (facsimile)

Attorneys for The New York State Broadcasters Association, Inc.