



VOLUNTEER LAWYERS FOR THE ARTS

Webinar

***Music in the Digital Age:
The Laws Governing Protection, Consumption and
Exploitation***

May 20, 2020

1:00-3:00pm

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*Music in the Digital Age:
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Exploitation*

TIMED AGENDA

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|--|-----------|
| 1. <u>Introduction</u> | 1:00-1:10 |
| a. Legal Basis of Copyright | |
| 2. <u>Music Copyrights</u> | 1:10-1:30 |
| 3. <u>Breach of Contract or Copyright Infringement</u> | 2:30-3:00 |
| 4. <u>Digital Millennium Copyright Act</u> | 3:00-3:20 |
| 5. <u>Statutory Licensing</u> | 3:20-3:30 |
| 6. <u>Internet Music Services</u> | 3:30-3:45 |
| a. New Internet Music Services | |
| 7. <u>Questions</u> | 3:45-4:00 |

Biography

Matthew H. Giger is a co-founding partner in the media and entertainment litigation law firm Rosenberg, Giger & Peralá P.C. Mr. Giger is an experienced attorney who represents clients in all facets of litigation, dispute resolution and counseling. His practice focuses on disputes concerning copyright infringement, contracts and other rights and relationships in the music, film, television and theater industries. He regularly represents artists, the heirs and estates of artists, producers, managers, production companies and other industry participants in courts located in and outside of New York.

Mr. Giger received his B.A., magna cum laude, from Dartmouth College in 1996. He graduated with a J.D., cum laude, from New York University School of Law in 1999. Upon graduation, Mr. Giger served as a law clerk to the Honorable John S. Rhoades of the United States District Court for the Southern District of California, following which he worked as a litigator in the New York offices of two large law firms – Cravath, Swaine & Moore LLP and Sullivan & Worcester LLP. Mr. Giger co-founded Rosenberg, Giger & Peralá P.C. in 2007.

Course Description

Learn about the statutes and other legal rules that govern the exploitation of music on the Internet and how to protect your rights, or the rights of your clients, as composers and musical artists. Topics will include the basics and the leading edge of music copyright infringement issues; the roles played by historical and recently established music rights organizations; and the statutory frameworks that establish rights and obligations in connection with music streaming and digital delivery.



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APPENDIX
Cases and Statutes

Capitol Records, LLC v. ReDigi Inc.

United States Court of Appeals for the Second Circuit
August 22, 2017, Argued; December 12, 2018, Decided
Docket No. 16-2321

Reporter

910 F.3d 649 *; 2018 U.S. App. LEXIS 34914 **; 128 U.S.P.Q.2D (BNA) 1793 ***; Copy. L. Rep. (CCH) P31,382

Capitol Records, LLC, Capitol Christian Music Group, Inc., Virgin Records IR Holdings, Inc., Plaintiffs-Appellees, v. ReDigi Inc., John Ossenmacher, Larry Rudolph, AKA Lawrence S. Rogel, Defendants-Appellants.

Subsequent History: As Amended December 13, 2018.

US Supreme Court certiorari denied by, Motion granted by [Redigi Inc. v. Capitol Records, 2019 U.S. LEXIS 4296 \(U.S., June 24, 2019\)](#)

Counsel: RICHARD S. MANDEL, New York, N.Y. (Jonathan Z. King, Cowan, Liebowitz & Latman, P.C., New York, N.Y., on the brief), for Plaintiffs-Appellees.

ROBERT C. WELSH, New York, N.Y. (C. Dennis Loomis, Baker & Hostetler LLP, Los Angeles, CA, on the brief) for Defendant-Appellants.

Judges: Before: JON O. NEWMAN, PIERRE N. LEVAL, and ROSEMARY S. POOLER, Circuit Judges.

Opinion by: PIERRE N. LEVAL

Opinion

[***1793] [*651] LEVAL, *Circuit Judge*:

Defendant ReDigi, Inc. and its founders, Defendants Larry Rudolph and John Ossenmacher,¹ appeal from the judgment of the United States District Court for the Southern District of New York (Richard J. [*652] Sullivan, J.) in favor of Plaintiffs, Capitol Records, LLC, Capitol Christian Music Group, Inc., and Virgin Records IR Holdings, Inc. ("Plaintiffs"), finding copyright infringement. Defendants had created an Internet [**2] platform designed to enable the lawful resale, under the first sale doctrine, of lawfully purchased digital music files, and had hosted resales of such files on the platform. The district court concluded that, notwithstanding the "first sale" doctrine, codified in the [Copyright Act of 1976, 17 U.S.C. § 109\(a\)](#), [***1794] ReDigi's Internet system version 1.0 infringed the Plaintiffs' copyrights by enabling the resale of such digital files containing sound recordings of Plaintiffs' copyrighted music. We

¹ Hereinafter "ReDigi" is used to designate all three Defendants, except where the context makes clear it refers solely to the company.

agree with the district court that ReDigi infringed the Plaintiffs' exclusive rights under [17 U.S.C. § 106\(1\)](#) to reproduce their copyrighted works. We make no decision whether ReDigi also infringed the Plaintiffs' exclusive rights under [17 U.S.C. § 106\(3\)](#) to distribute their works.²

BACKGROUND

I. Facts

Plaintiffs are record companies, which own copyrights or licenses in sound recordings of musical performances. Plaintiffs distribute those sound recordings in numerous forms, of which the most familiar twenty years ago was the compact disc. Today, Plaintiffs also distribute their music in the form of digital files, which are sold to the public by authorized agent services, such as Apple iTunes, under license from Plaintiffs. **[**3]** Purchasers from the Apple iTunes online store download the files onto their personal computers or other devices.

ReDigi was founded by Defendants Ossenmacher and Rudolph in 2009 with the goal of creating enabling technology and providing a marketplace for the lawful resale of lawfully purchased digital music files.³ Ossenmacher served as ReDigi's Chief Executive Officer and Rudolph, who spent twelve years as a Principal Research Scientist at the Massachusetts Institute of Technology, served as ReDigi's Chief Technical Officer. During the period addressed by the operative complaint, ReDigi, through its system version 1.0, hosted resales of digital music files containing the Plaintiffs' music by persons who had lawfully purchased the files from iTunes.

Considering the evidence in the light most favorable to ReDigi, ReDigi's system version 1.0 operates as follows.

1. *Music Manager*: A person who owns a digital music file lawfully purchased from iTunes and intends to employ ReDigi's system to resell it (the "user") must first download and install onto her computer ReDigi's "Music Manager" software program ("Music Manager"). Once Music Manager has been installed, it analyzes the digital file **[**4]** intended for resale, verifies that the file was originally lawfully purchased from iTunes, and scans it for indications of tampering. If the file was lawfully purchased, **[*653]** Music Manager deems it an "Eligible File" that may be resold.⁴

2. *Data Migration*: The ReDigi user must then cause the file to be transferred to ReDigi's remote server, known as the "Cloud Locker." To effectuate this transfer, ReDigi developed a new method that functions differently from the conventional file transfer. The conventional process is to reproduce the digital file at the receiving destination so that, upon completion of the transfer, the file exists simultaneously on both the receiving device and on the device from which it was transferred. If connectivity is disrupted during such a standard transfer, the process can be repeated because the file remains intact on the sender's device.

Under ReDigi's method—which it calls "data migration"—ReDigi's software "begins by breaking the [digital] music file into small 'blocks' [of data] of roughly four thousand bytes in length." Appellants Br. 24. Once the file has been broken into blocks of data ("packets"), ReDigi's system creates a "transitory copy" of each packet **[**5]** in the initial purchaser's computer buffer. *Id.* Upon copying (or "reading") a packet into the initial purchaser's computer buffer, ReDigi's software sends a command to delete that packet of the digital file from permanent storage on the initial purchaser's device. Rogel Decl. App'x 690-91. ReDigi's software then sends the packet to the ReDigi software to be

² We do not adjudicate whether ReDigi's system version 2.0 infringed any of the Plaintiffs' rights as this question (although stipulated in the final judgment) was not litigated in the district court. Defendants stipulated that a judgment in Plaintiffs' favor would enjoin the Defendants, as well as all persons in specified relationships with the Defendants, such as their "officers, agents, servants, representatives . . . and licensees," from implementing version 2.0. Stipulated Final Judgment ¶5, *Capitol Records, LLC v. ReDigi, Inc.*, No. 12-CV-95 (RJS), ECF No. 222 (S.D.N.Y. June 3, 2015).

³ ReDigi was not making efforts in the shadows to infringe on copyrights. To the contrary, it invented a system designed in good faith to achieve a goal generally favored by the law of copyright, reasonably hoping the system would secure court approval as conforming to the demands of the Copyright Act.

⁴ Music Manager will deem a file "Eligible" if it was purchased by the user from iTunes or it was purchased by the user through ReDigi, having been originally purchased lawfully by another from iTunes.

copied into the buffer and deleted from the user's device. Rogel Decl. App'x 691. During the data migration process, the digital file cannot be accessed, played, or perceived. If connectivity is disrupted during the data migration process, the remnants of the digital file on the user's device are unusable, and the transfer cannot be re-initiated. In such circumstances, ReDigi [***1795] (according to its brief) bears the cost of the user's loss. Appellants Br. 25.⁵

Once all the packets of the source file have been transferred to ReDigi's server, the Eligible File has been entirely removed from the user's device. The packets are then re-assembled into a complete, accessible, and playable file on ReDigi's server.

ReDigi describes its primary technological innovation using the metaphor of a train (the digital file) leaving from one station (the [**6] original purchaser's device) and arriving at its destination (in the first instance, ReDigi's server). Under either the typical method or ReDigi's method, packets are sent sequentially, such that, conceptually, "each packet is a car" moving from the source to the destination device. App'x 657. Once all the packets arrive at the destination device, they are reassembled into a usable file. *Id.* At that moment, in a typical transfer, the entire digital file in usable form exists on both devices. *Id.* ReDigi's system differs in that it effectuates a deletion of each packet from the user's device immediately after the "transitory copy" of that packet arrives in the computer's buffer (before the packet is forwarded to ReDigi's server). In other words, as each packet "leaves the station," ReDigi deletes it from the original purchaser's device such that it "no longer exists" on that device. *Id.* As a result, the [*654] entire file never exists in two places at once. *Id.*

After the file has reached ReDigi's server but before it has been resold, the user may continue to listen to it by streaming audio from the user's Cloud Locker on ReDigi's server. If the user later re-downloads the file from her Cloud [**7] Locker to her computer, ReDigi will delete the file from its own server.

3. *Resale*: Once an Eligible File has "migrated" to ReDigi's server, it can be resold by the user utilizing ReDigi's market function. If it is resold, ReDigi gives the new purchaser exclusive access to the file. ReDigi will (at the new purchaser's option) either download the file to the new purchaser's computer or other device (simultaneously deleting the file from its own server) or will retain the file in the new purchaser's Cloud Locker on ReDigi's server, from which the new purchaser can stream the music. ReDigi's terms of service state that digital media purchases may be streamed or downloaded only for personal use.

4. *Duplicates*: ReDigi purports to guard against a user's retention of duplicates of her digital music files after she sells the files through ReDigi. To that end, Music Manager continuously monitors the user's computer hard drive and connected devices to detect duplicates. When a user attempts to upload an Eligible File to ReDigi's server, ReDigi "prompt[s]" her to delete any pre-existing duplicates that Music Manager has detected. If ReDigi detects that the user has not deleted the duplicates, ReDigi [**8] blocks the upload of the Eligible File. After an upload is complete, Music Manager continues to search the user's connected devices for duplicates. If it detects a duplicate of a previously uploaded Eligible File, ReDigi will prompt the user to authorize ReDigi to delete that duplicate from her personal device and, if authorization is not granted, it will suspend her account.

Plaintiffs point out, and ReDigi does not dispute, that these precautions do not *prevent* the retention of duplicates after resale through ReDigi. Suspension of the original purchaser's ReDigi account does not negate the fact that the original purchaser has both sold and retained the digital music file after she sold it. So long as the user retains previously-made duplicates on devices not linked to the computer that hosts Music Manager, Music Manager will not detect them. This means that a user could, prior to resale through ReDigi, store a duplicate on a compact disc, thumb drive, or third-party cloud service unconnected to the computer that hosts Music Manager and access that duplicate post-resale.⁶ While ReDigi's suspension of the original purchaser's ReDigi account may be a disincentive to the

⁵ It is unclear from the evidence cited in ReDigi's Rule 56.1 statement whether ReDigi purchases a new file from iTunes to effectuate resale, pays the user to offset the loss of her file, or otherwise bears the cost of the loss. See App'x 1489 at ¶ 35. These alternatives do not affect our decision.

⁶ Defendants do not dispute that, under Apple iCloud's present arrangements, a user could sell her digital music files on ReDigi, delete Music Manager, and then re-download the same files to her computer for free from the Apple iCloud. Apple's iCloud service allows one who has purchased a file from iTunes to re-download it without making a new purchase. App'x 1292 at ¶ 62.

retention of sold **[**9]** files, it does not prevent the user from retaining sold files.

II. Proceedings Below

On January 6, 2012, Plaintiffs brought this action, originally solely against ReDigi, Inc., alleging *inter alia*, that in the operation of ReDigi's system version 1.0, it infringed Plaintiffs' copyrights by unauthorized reproduction and distribution of Plaintiffs' copyrighted works. The parties cross-moved for summary judgment. On March 30, 2013, the district court granted partial summary judgment in Plaintiffs' favor **[*655]** finding infringement. Plaintiffs subsequently filed a first amended complaint, **[***1796]** adding Ossenmacher and Rudolph as individual defendants. On November 2, 2015, the parties proposed a joint stipulation in which Ossenmacher and Rudolph waived their right to contest liability independent of ReDigi, Inc. On June 6, 2016, the district court entered a stipulated final judgment awarding damages to Plaintiffs in the amount of three million five hundred thousand dollars (\$3,500,000) and permanently enjoining Defendants from operating the ReDigi system.⁷ In the stipulation, Defendants reserved the right to appeal solely from the district court's finding of liability for reproduction and distribution as **[**10]** set forth in the summary judgment order. Defendants timely filed notice of this appeal on July 1, 2016. On August 11, 2016, the appeal was stayed as a result of the Defendants' bankruptcy proceedings in the United States Bankruptcy Court for the Southern District of Florida. The stay was lifted on December 12, 2016.

DISCUSSION

I. The First Sale Doctrine

The primary issue on appeal is whether ReDigi's system version 1.0 lawfully enables resales of its users' digital files. [HN1](#)^[↑] [Sections 106\(1\)](#) and [\(3\)](#) of the Copyright Act respectively grant the owner of a copyright the exclusive right to control the reproduction and the distribution of the copyrighted work.⁸ [17 U.S.C. § 106\(1\)](#) & [\(3\)](#). Under the first sale doctrine, codified in [§ 109\(a\)](#), the rights holder's control over the distribution of any particular copy or phonorecord that was lawfully made effectively terminates when that copy or phonorecord is distributed to its first recipient. [Section 109\(a\)](#) provides:

"Notwithstanding the provisions of [section 106\(3\)](#), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord."

[17 U.S.C. § 109\(a\)](#).

[HN2](#)^[↑] Under **[**11]** this provision, it is well established that the lawful purchaser of a copy of a book is free to resell, lend, give, or otherwise transfer that copy without violating the copyright holder's exclusive right of distribution. The copy so resold or re-transferred may be re-transferred again and again without violating the exclusive distribution right. See *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519, 530, 133 S. Ct. 1351, 185 L. Ed. 2d 392 (2013); *Quality King Distribs. v. L'Anza Research Int'l, Inc.*, 523 U.S. 135, 152, 118 S. Ct. 1125, 140 L. Ed. 2d 254 (1998); *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339, 351, 28 S. Ct. 722, 52 **[*656]** L. Ed. 1086, 6 Ohio L. Rep. 323 (1908); see also 4 Patry on Copyright § 13:15 ("Placing a lawful copy of a work in commerce exhausts the distribution and display rights with respect to that particular copy . . ."). It is undisputed that one who owns a digital file from iTunes of music

⁷ Notwithstanding that the operative complaint addressed only ReDigi's system version 1.0 (making no mention of version 2.0, which ReDigi launched on June 11, 2012), and the record before the district court did not address version 2.0, the stipulated judgment is binding as to version 2.0 against defendants and persons in specified relationships with ReDigi, as explained *supra* in footnote 2. Because neither we, nor the district court, have decided whether version 2.0 would infringe, this opinion does not decide on the lawfulness of the use—by persons who are independent of the Defendants—of systems functioning like version 2.0, at least to the extent that their systems differ from the aspects of version 1.0 that are adjudicated in this opinion.

⁸ "Subject to [sections 107 through 122](#), the owner of copyright under this title has the exclusive rights to do and to authorize any of the following: (1) to reproduce the copyrighted work in copies or phonorecords . . . [and] (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending" [17 U.S.C. § 106\(1\), \(3\)](#).

that is fixed in a material object qualifies as "the owner of a particular . . . phonorecord lawfully made," [17 U.S.C. § 109\(a\)](#), and is thus entitled under [§ 109\(a\)](#) "to sell or otherwise dispose of the possession of *that* . . . phonorecord," *id.* (emphasis added), without violating [§ 106\(3\)](#). On the other hand, [§ 109\(a\)](#) says nothing about the rights holder's control under [§ 106\(1\)](#) over *reproduction* of a copy or phonorecord.


The district court found that resales through ReDigi were infringing for two reasons. The first reason was that, in the course of ReDigi's transfer, the phonorecord has been reproduced in a manner that violates the Plaintiffs' **[**12]** exclusive control of *reproduction* under [§ 106\(1\)](#); the second was that the digital files sold through ReDigi, being unlawful reproductions, are not subject to the resale right established by [§ 109\(a\)](#), which applies solely to a "particular . . . phonorecord . . . lawfully made." [17 U.S.C. § 109\(a\)](#). We agree with the first reason underlying the district court's finding of infringement. As that is a sufficient reason for affirmance of the judgment, we make no ruling on the district court's second reason.

ReDigi argues on appeal that its system effectuates transfer of the *particular* digital file **[***1797]** that the user lawfully purchased from iTunes, that it should not be deemed to have reproduced that file, and that it should therefore come within the protection of [17 U.S.C. § 109\(a\)](#). ReDigi makes two primary contentions in support of these arguments.

First, ReDigi asserts—as it must for its first sale argument to succeed—that the digital files should be considered "material objects" and therefore, under [17 U.S.C. § 101](#)'s definition of "phonorecords" as "material objects," should qualify as "phonorecords" eligible for the protection of [§ 109\(a\)](#).

Second, ReDigi argues that from a technical standpoint, its process should not be seen as making a reproduction. ReDigi emphasizes **[**13]** that its system simultaneously "causes [packets] to be removed from the . . . file remaining in the consumer's computer" as those packets are copied into the computer buffer and then transferred to the ReDigi server, Appellants Br. 24, so that the complete file never exists in more than one place at the same time, and the "file on the user's machine continually shrinks in size while the file on the server grows in size." App'x 691.⁹ ReDigi points out that the "sum of the size of the data" stored in the original purchaser's computer and in ReDigi's server never exceeds the "size of the original file," which, according to ReDigi, "confirms that no reproductions are made during the transfer process." Appellants Br. 25.

As for ReDigi's first argument, that the digital file it transfers is a phonorecord protected by [§ 109\(a\)](#), we do not decide this issue because we find that ReDigi effectuates an unlawful reproduction even if the digital file itself qualifies as a phonorecord.¹⁰

[*657] As for ReDigi's second argument, we reject it for the following reasons. [HN3](#) The Copyright Act defines phonorecords as "material objects in which sounds . . . are fixed by any method now known or later developed, and from which the **[**14]** sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device." [17 U.S.C. § 101](#). Accordingly, when the purchaser of a digital music file from iTunes possesses that file, embodied "for a period of more than transitory duration" in a computer or other physical storage device, [Cartoon Network LP v. CSC Holdings, Inc., 536 F.3d 121, 127 \(2d Cir. 2008\)](#) (quoting [17 U.S.C. § 101](#)), that device—or at least the portion of it in which the digital music file is fixed (e.g., the location on the hard drive)—becomes a phonorecord. See [London-Sire Records, Inc. v. Doe, 542 F. Supp. 2d 153, 171 \(D. Mass. 2008\)](#) (holding that the segment of a hard disc on which an electronic music file is encoded is a "phonorecord" under the Copyright Act). In the course of transferring a digital music file from an original purchaser's computer, through ReDigi, to a new purchaser, the digital file is first received and stored on ReDigi's server and then, at the new purchaser's option, may also be subsequently received and stored on the new purchaser's device.¹¹ At each of these steps, the digital file is

⁹ From October 13, 2011 until March 2012, ReDigi's system sometimes made temporary archival copies that were deleted as soon as the migration process was complete. Those backup files have not been put at issue in this appeal.

¹⁰ A conclusion that a digital file cannot be a phonorecord would have decisive implications for a system functioning like ReDigi's version 2.0, as well as its version 1.0. Because our understanding of the technology is limited, as is our ability to appreciate the economic implications, we find it preferable to rule more narrowly.

¹¹ The new purchaser at his option may alternatively choose to leave the digital file in the new purchaser's storage locker on ReDigi's server and stream it for access.

fixed in a new material object "for a period of more than transitory duration." [Cartoon Network, 536 F.3d at 127](#). The fixing of the digital file in ReDigi's server, as well as in the new purchaser's device, creates a new phonorecord, which is a reproduction. ReDigi version **[**15]** 1.0's process for enabling the resale of digital files thus inevitably involves the creation of new phonorecords by reproduction, even if the standalone digital file is deemed to be a phonorecord.

As for the argument that, as ReDigi copies a packet of data, it deletes the equivalent packet in the user's device so that the amount of data extant in the transfer process remains constant, this does not rebut or nullify the fact that the eventual receipt and storage of that file in ReDigi's server, as well as in the new purchaser's device (at his option), does involve the making of new phonorecords. Unless the creation of those new phonorecords is justified by the doctrine of fair use, which we discuss and reject in a later portion of this opinion, the creation of such new phonorecords involves unauthorized reproduction, which is not protected, or even addressed, by [§ 109\(a\)](#).

ReDigi makes several additional arguments designed to characterize its process as involving the transfer of its users' lawfully made phonorecords, rather than the creation of new phonorecords. None of these arguments negates the crucial fact that each transfer of a digital music file to ReDigi's server and each new purchaser's **[**16]** download of a digital music file to his device creates new phonorecords. **[***1798]** ReDigi argues, for example, that during a transfer through ReDigi's data migration technology, each packet of data from the original source file resides in a buffer "for less than a second" before being overwritten, Appellants Br. 27, and thus fails to satisfy the requirement that a sound recording must be embodied "for a period of more than transitory duration" to qualify as a phonorecord, [17 U.S.C. § 101](#); [Cartoon Network, 536 F.3d at 127](#). Even if, during transfer, ReDigi's system retains each digital file in **[*658]** a computer buffer for a period of no more than transitory duration, those files subsequently become embodied in ReDigi's server and in the new purchaser's device, where they remain for periods "of more than transitory duration." [Cartoon Network, 536 F.3d at 127](#). ReDigi's server and the resale purchaser's device on which the digital music files are fixed constitute or contain new phonorecords under the statute.

ReDigi next argues that, in the course of transferring a user's file to ReDigi's own server, and to the resale purchaser's device, ReDigi sees to it that all of the original purchaser's preexisting duplicates are destroyed. As an initial matter, as noted above, ReDigi here overclaims. **[**17]** It does not ensure against retention of duplicate phonorecords created by the original owner. ReDigi's assertion that "there is never an instance when [an] Eligible File could exist in more than one place or be accessed by more than one user" is simply not supported by ReDigi's own evidence. Def. 56.1 Statement, App'x 1490. In addition, even if ReDigi effectively compensated (by offsetting deletions) for the making of unauthorized reproductions in violation of the rights holder's exclusive reproduction right under [§ 106\(1\)](#), nonetheless ReDigi's process itself involves the making of unauthorized reproductions that infringe the exclusive reproduction right unless justified under fair use.¹² We are not free to disregard the terms of the statute merely because the entity performing an unauthorized reproduction makes efforts to nullify its consequences by the counterbalancing destruction of the preexisting phonorecords.

ReDigi further argues, citing [ABKCO Music, Inc. v. Stellar Records, Inc., 96 F.3d 60 \(2d Cir. 1996\)](#), that the computer hard drive into which the original purchaser's digital file is embedded cannot be her lawfully made phonorecord. A computer hard drive, **[**18]** ReDigi argues, cannot qualify as a phonorecord under [§ 101](#) because it contains more than a sound recording. This argument misinterprets [ABKCO](#). We held in [ABKCO](#) that [HN4](#)[↑] a license to publish a phonorecord did not authorize the publication of compact discs for use in karaoke that contained both sound recordings and visual depictions of song lyrics. [96 F.3d at 64](#). The [ABKCO](#) opinion undertook to construe the breadth of a compulsory license. The opinion does not support the conclusion that a compact disc that stores visual depictions of words as well as recorded music does not *contain* a phonorecord. To be sure, a license to distribute phonorecords of a particular song would not by its terms authorize the distribution of whatever other copyrighted content is contained

¹² We recognize that the use of computers with digital files of protected matter will often result in the creation of innocuous copies which we would be loath to consider infringements because doing so would effectively bar society from using invaluable computer technology in relation to protected works. We believe this precedent will not have that undesirable effect for reasons discussed below in the section on fair use. What we consider here is that the making of unauthorized reproductions *in pursuit of an objective to distribute protected matter in competition with the rights holder*. The production of innocuous, unauthorized reproductions through the unavoidable function of a computer, when done for purposes that do not involve competing with the rights holder in its exclusive market, is outside the scope of this dispute.

in a computer hard drive that also contains the recording of the song. But it does not follow that a device or other "material object[] in which sounds . . . are fixed . . . and from which the sounds can be perceived, reproduced, or otherwise communicated," [17 U.S.C. § 101](#), is not a phonorecord, merely because it contains **[*659]** other matter as well. We reject ReDigi's argument.¹³

Finally, ReDigi argues that the district court's conclusion makes no sense because **[**19]** it would "require a customer to sell her [valuable] computer in order to be able to sell a[n] . . . iTunes music file" that was lawfully purchased for under \$1.00. Appellants Br. 28. Of course it would make no economic sense for a customer to sell her computer or even a \$5.00 thumb drive in order to sell "a[n] . . . **[**1799]** iTunes music file" purchased for \$1.00. But ReDigi far overstates its economic argument when it asserts that the "district court's ruling . . . eliminat[es] any meaningful competition from resellers" as "no secondary market . . . can ever develop if consumers are required to give away their computer hard disks as part of any resale." Appellants Br. 35. A secondary market can readily be imagined for first purchasers who cost-effectively place 50 or 100 (or more) songs on an inexpensive device such as a thumb drive and sell it. See U.S. Copyright Office, Library of Cong., [Digital Millennium Copyright Act § 104](#) Report 78 (2001) ("[DMCA](#) Report 2001") ("Physical copies of works in a digital format, such as CDs or DVDs, are subject to [section 109](#) in the same way as physical copies of works in analog form."); 4 Patry on Copyright § 13:23 (observing that [§ 109](#) permits the sale of an iPod that contains lawfully **[**20]** made digital music files). Furthermore, other technology may exist or be developed that could lawfully effectuate a digital first sale.

We conclude that the operation of ReDigi version 1.0 in effectuating a resale results in the making of at least one unauthorized reproduction. Unauthorized reproduction is not protected by [§ 109\(a\)](#). It violates the rights holder's exclusive reproduction rights under [§ 106\(1\)](#) unless excused as fair use. For reasons explained below, we conclude that the making of such reproductions is not a fair use.

Our conclusion is supported by the fact that the Copyright Office also concluded that the resale of digital files is infringing. In 1998, Congress mandated that the Register of Copyrights evaluate "the relationship between existing and emergent technology and the operation of section[] 109" *Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860, 2876 (1998)*. The Copyright Office conducted a multi-year evaluation, including review of comments and testimony from the public, academia, libraries, copyright organizations and copyright owners. [DMCA](#) Report 2001 at vi. The Register concluded that [§ 109](#) does not apply to otherwise unauthorized digital transmissions of a copyrighted work, reasoning that such transmissions **[**21]** cause the recipient to obtain a new copy of the work. *Id.* at 79-80. The Register reasoned that the creation of a new copy of the work would constitute an unauthorized reproduction falling outside the authorization of [§ 109\(a\)](#). *Id.*; see also 2 [Nimmer on Copyright § 8.13\[A\]](#) (describing the Register's "recommend[ation] **[*660]** against amending the Copyright Act to facilitate a digital *first sale*").

ReDigi argues that the Register's 2001 report is obsolete because it presumed that the only way to transfer digital files over the Internet was by the traditional "copy and delete" method, whereas new technologies either have been or might be developed that transfer digital files over the Internet using a non-infringing method. Plaintiffs counter that, in 2016, the Register again asserted that "a digital file transfer creates a new copy or phonorecord on the transferee's computer" and thus does not qualify for first sale protection. U.S. Copyright Office, Library of Cong., *The Making Available Right in the United States* 22, n.94 (2016) (quoting the district court's decision in this action with approval). We need not pronounce upon the ongoing relevance of the Register's 2001 report, or decide whether *all* digital file transmissions over the Internet **[**22]** make reproductions, to determine that ReDigi's system version 1.0 does so.¹⁴

¹³ ReDigi also draws our attention to the Ninth Circuit's decision in [Recording Industry Association of America v. Diamond Multimedia Systems, Inc.](#), 180 F.3d 1072 (9th Cir. 1999). In *Diamond*, the Ninth Circuit held that "a hard drive is excluded from the definition of digital music recordings" under the [Audio Home Recording Act](#) ("AHRA") because [§ 1001\(5\)\(B\)](#) expressly provides that a "digital music recording" does *not* include material objects "in which one or more computer programs are fixed," and "a hard drive is a material object in which one or more [computer] programs are fixed." *Id.* at 1076. Even if we were to accept the Ninth Circuit's construction of the term "digital music recording" under the AHRA, that would not alter the meaning of the term "phonorecord" under [§ 101](#) of the Copyright Act. See *id.* at 1077 n.4.

¹⁴ Having rejected ReDigi's arguments for the reasons explained above, we have no need to consider whether an electronic digital music file, independent of any physical storage device in which the file is fixed, can qualify as a phonorecord in view of [§ 101's](#)

II. Fair Use

ReDigi argues that, regardless of whether what it does is protected by [§ 109\(a\)](#), its actions are protected under the doctrine of fair use. We evaluate ReDigi's claim in accordance with the fair use statute. [HN5](#) [Section 107](#) of the Copyright Act provides:

[T]he fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such [\[***1800\]](#) finding is made upon consideration of all the above factors.

[17 U.S.C. § 107.](#)

ReDigi's argument for [\[**23\]](#) fair use in its opening brief did not address the statutory factors. Nonetheless, we consider each in turn.

A. Factor One

[HN6](#) [Factor One](#) considers "the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes." [§ 107\(1\)](#). The Supreme Court has observed that this factor favors secondary uses that are transformative, meaning that the use "adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message[.]" rather than merely superseding the original work. [Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579, 114 S. Ct. 1164, 127 L. Ed. 2d 500 \(1994\)](#). Uses that criticize, comment on, provide information about, or provide new uses for the copyrighted work are those likely to be [\[**661\]](#) deemed transformative. See, e.g., [Campbell, 510 U.S. at 580-81](#) ("Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's . . . imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.") (internal citations and footnote omitted). Similarly, a secondary use may be transformative if it provides information about the original, "or expands its utility." [Authors Guild v. Google, Inc., 804 F.3d 202, 214 \(2d Cir. 2015\)](#) ("Google Books"). Examples of such utility-expanding [\[**24\]](#) transformative fair uses have included scanning books to create a full-text searchable database and public search function (in a manner that did not allow users to read the texts), [Authors Guild, Inc. v. HathiTrust, 755 F.3d 87, 97-98 \(2d Cir. 2014\)](#); copying works into a database used to detect plagiarism, [A.V. ex rel. Vanderhye v. iParadigms, LLC, 562 F.3d 630, 639 \(4th Cir. 2009\)](#); displaying tiny, low-resolution "thumbnail" reproductions of art works to provide links serving as Internet pathways to the appropriate websites containing the originals, [Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146, 1165 \(9th Cir. 2007\)](#); [Kelly v. Arriba Soft Corp., 336 F.3d 811, 818-19 \(9th Cir. 2003\)](#), and copying by one who has acquired the right to view the content of a telecast to enable a single, noncommercial home viewing at a more convenient time, [Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 421, 448-55, 104 S. Ct. 774, 78 L. Ed. 2d 574 \(1984\)](#). In *Sony*, the "apparent reasoning was that a secondary use may be a fair use if it utilizes technology to achieve the transformative purpose of improving the efficiency of delivering content without unreasonably encroaching on the commercial entitlements of the rights holder" because the improved delivery was to one entitled to receive the content. [Fox News Network, LLC v. TVEyes, Inc., 883 F.3d 169, 177 \(2d Cir. 2018\)](#).


ReDigi makes no change in the copyrighted work. It provides neither criticism, commentary, nor information about it. Nor does it deliver the content in more convenient and usable form to one who has acquired an entitlement to receive

definition of phonorecords as "material objects." [17 U.S.C. §101](#).


the **[**25]** content. What ReDigi does is essentially to provide a market for the resale of digital music files, which resales compete with sales of the same recorded music by the rights holder. These characteristics of ReDigi's use favor Plaintiffs under Factor One.

In addition, while the mere fact of a commercial motivation rarely pushes the first factor determination against fair use (as so many of the canonical fair uses, such as book reviews; quotation of prominent figures in news reports, news commentary, and history books; the performance of parodic plays; and the sale of parodic books, are all commercial, see [Google Books, 804 F.3d at 219](#)), in some circumstances a commercial motive will weigh against a finding of fair use under Factor One. As noted in *Campbell*, the less a use provides transformative value, the more its commercialism will weigh against a finding of fair use. See [510 U.S. at 579](#). Here, ReDigi hosts a remunerative marketplace that enables resale by purchasers of digital music files, which is a commercial purpose. Especially in view of the total absence (or at least very low degree) of transformative purpose, the commercial motivation here argues against ReDigi with respect to Factor One.


B. Factor Two

[HN7](#) The second fair use **[**26]** factor concerns "the nature of the copyrighted work." [17 U.S.C. § 107\(2\)](#). Except to the extent that the nature of the copyrighted **[*662]** work is necessarily considered alongside the character and purpose of the secondary use in deciding whether the secondary use has a transformative purpose, it rarely, by itself, furnishes any substantial reasoning for favoring or disfavoring fair use. See [Google Books, 804 F.3d at 220](#). This case is no exception.

C. Factor Three

[HN8](#) The third factor considers "the amount and substantiality of the portion [of the original] **[***1801]** used in relation to the copyrighted work as a whole." [17 U.S.C. § 107\(3\)](#). ReDigi's system makes identical copies of the whole of Plaintiffs' copyrighted sound recordings. Although use of the entirety of a digital file is not necessarily inconsistent with a finding of fair use, see [Google Books, 804 F.3d at 221-22](#); [HathiTrust, 755 F.3d at 98](#); [iParadigms, 562 F.3d at 642](#); [Perfect 10, 508 F.3d at 1165](#); [Arriba Soft, 336 F.3d at 818-19](#), it tends to disfavor a finding of fair use.

D. Factor Four


[HN9](#) The fourth statutory factor is "the effect of the [copying] use upon the potential market for or value of the copyrighted work." [§ 107\(4\)](#). When a secondary use competes in the rightsholder's market as an effective substitute for the original, it impedes the purpose of copyright to incentivize new creative works by enabling their creators to profit from **[**27]** them. For this reason, the Supreme Court in *Harper & Row Publishers, Inc. v. Nation Enterprises* described the fourth factor as "undoubtedly the single most important element of fair use." [471 U.S. 539, 566, 105 S. Ct. 2218, 85 L. Ed. 2d 588 \(1985\)](#) (relying on the Nimmer treatise).¹⁵ Factor Four "focuses on whether the copy brings to the marketplace a competing substitute for the original, or its derivative, so as to deprive the rights holder of significant revenues because of the likelihood that potential purchasers may opt to acquire the copy in preference to the original." [TVEyes, 883 F.3d at 179](#) (quoting [Google Books, 804 F.3d at 223](#)). Factor Four is necessarily intertwined with Factor One; the more the objective of secondary use differs from that of the original, the less likely it will supplant the commercial market for the original. See [Google Books, 804 F.3d at 223](#).

¹⁵ *Harper & Row* cited 3 [Nimmer § 13.05\[A\]](#). See 4 *Nimmer § 13:05[A]* ("The fourth factor . . . emerges as the most important, and indeed, central fair use factor."). To be clear, a secondary use may seriously harm the value of the copyright for the quoted material and yet be a clear case of fair use, such as where a critic pans a new book, quoting passages to show its absurdity. See Pierre N. Leval, *Fair Use Rescued*, [44 UCLA L. REV. 1449, 1459 \(1997\)](#). In such circumstances, a secondary use's infliction of harm on the value of the copyright does not enlist the fourth factor against the copying use, as it would where the copying work offers a substitute for the original.

As Plaintiffs argue, ReDigi made reproductions of Plaintiffs' works for the purpose of resale in competition with the Plaintiffs' market for the sale of their sound recordings.¹⁶ ReDigi's replicas were sold to the same consumers whose objective in purchasing was to acquire Plaintiffs' music. It is also of possible relevance that there is a distinction between ReDigi's resales and resales of physical books and records. The **[**28]** digital files resold by ReDigi, although used, do not deteriorate the way printed books and physical records deteriorate. As the district court observed, the principal difference between the "product **[*663]** sold in ReDigi's secondary market" and that sold by Plaintiffs or their licensees in the primary market was its lower price. [*Capitol Records, LLC v. ReDigi Inc.*, 934 F. Supp. 2d 640, 654 \(S.D.N.Y. 2013\)](#).

Factor Four weighs powerfully against fair use.

E. Four Factors Weighed Together

The Supreme Court has instructed that, [HN10](#)  to ascertain whether there is fair use, all four of the statutory factors must be weighed together. [Campbell](#), 510 U.S. at 577-78. Our consideration is informed by our recent holding in [TVEyes](#), 883 F.3d at 175. TVEyes copied all televised video programming throughout the nation, together with its accompanying closed-captioned text, into a database. It offered a commercial subscription service through which business and professional clients could search the transcripts, receive a list of video segments that mentioned the searched terms, and then view up to ten minutes of each video segment. *Id.* Fox News Network, a producer of televised content, sued, claiming that TVEyes's distribution of Fox's programming to TVEyes's subscribers infringed Fox's copyright. *Id.* We found that TVEyes's secondary **[**29]** use deployed modestly transformative technology (akin to the time shifting technology of *Sony*) in that "it enable[d] nearly instant access to a subset of material—and to information about the material—that would otherwise be irretrievable, or else retrievable only through prohibitively inconvenient or inefficient means." [Id.](#) at 177. As in *Sony*, it enabled its customers to view "programming they want at a time and place that is convenient to them, rather than at the time and place of broadcast." [Id.](#) at 177-78. Nonetheless, we held that TVEyes's use was not a fair use because it substantially competed with the rights holders' legitimate market. [Id.](#) at 180. By providing Fox's copyrighted programming to its clients "without payment to [the rights holder], TVEyes . . . usurped a market that properly belong[ed] to **[***1802]** the copyright-holder." *Id.* (internal quotation marks and alteration omitted).

TVEyes is a substantial precedent for our holding here. The transformative purpose and character of TVEyes's use, while modest, was far more transformative than what ReDigi has shown here. TVEyes's transformative uses were nonetheless easily outweighed by the harm to the rights holders' market considered under Factor Four. [Id.](#) at 181. Even if ReDigi **[**30]** is credited with some faint showing of a transformative purpose, that purpose is overwhelmed by the substantial harm ReDigi inflicts on the value of Plaintiffs' copyrights through its direct competition in the rights holders' legitimate market, offering consumers a substitute for purchasing from the rights holders. We find no fair use justification.

* * *

We conclude by addressing policy-based arguments raised by ReDigi and its amici. They contend that ReDigi's version 1.0 ought to be validated as in compliance with [§ 109\(a\)](#) because it allows for realization of an economically beneficial practice, originally authorized by the courts in the common law development of copyright, see [Bobbs-Merrill Co. v. Straus](#), 210 U.S. 339, 28 S. Ct. 722, 52 L. Ed. 1086, 6 Ohio L. Rep. 323 (1908), and later endorsed by Congress. They also contend that the Copyright Act must be read to vindicate purchasers' ability to alienate digital copyrighted works under the first sale doctrine—emphasizing that [§ 109\(a\)](#) is styled as an entitlement rather than a defense to infringement—without regard to technological medium. See Copyright Law Professors Br. 4, 12, 14; see also Appellants Br. 38-41. On this score, they rely heavily on the breadth of the common law first sale doctrine, and on a purported **[*664]** imperative, described as the **[**31]** "principle of technological neutrality" by amici and the "equal treatment principle" by ReDigi, not to disadvantage purchasers of digital copyrighted works, as compared with

¹⁶ To the extent a reproduction was made solely for cloud storage of the user's music on *ReDigi's* server, and not to facilitate resale, the reproduction would likely be fair use just as the copying at issue in *Sony* was fair use.

purchasers of physical copyrighted works. See Copyright Law Professors Br. 14; Appellants Br. 36-42.

As for whether the economic consequences of ReDigi's program are beneficial and further the objectives of copyright, we take no position. Courts are poorly equipped to assess the inevitably multifarious economic consequences that would result from such changes of law. So far as we can see, the establishment of ReDigi's resale marketplace would benefit some, especially purchasers of digital music, at the expense of others, especially rightsholders, who, in the sale of their merchandise, would have to compete with resellers of the same merchandise in digital form, which, although second hand, would, unlike second hand books and records, be as good as new.

Furthermore, as to the argument that we should read [§ 109\(a\)](#) to accommodate digital resales because the first sale doctrine protects a fundamental entitlement, without regard to the terms of [§ 109\(a\)](#) (and incorporated definitions), we think such a ruling would exceed the proper exercise **[**32]** of the court's authority. The copyright statute is a patchwork, sometimes varying from clause to clause, as between provisions for which Congress has taken control, dictating both policy and the details of its execution, and provisions in which Congress approximatively summarized common law developments, implicitly leaving further such development to the courts. The paradigm of the latter category is [§ 107](#) on fair use. See [Campbell, 510 U.S. at 577](#) ("Congress meant [§ 107](#) 'to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way' and intended that courts continue the common-law tradition of fair use adjudication." (quoting H.R. Rep. No. 94-1476, 66 (1976))); see also [Google Books, 804 F.3d at 213](#) ("[I]n passing the statute, Congress had no intention of normatively dictating fair use policy."). In the provisions here relevant, Congress dictated the terms of the statutory entitlements. Notwithstanding the purported breadth of the first sale doctrine as originally articulated by the courts, see [Bobbs-Merrill Co., 210 U.S. at 350](#) ("[T]he copyright statutes, while protecting the owner of the copyright in his right to multiply and sell his production, do not create the right to impose . . . a limitation at which the book shall be sold at retail **[**33]** by future purchasers . . ."); [Bureau of Nat'l Literature v. Sells, 211 F. 379, 381-82 \(W.D. Wash. 1914\)](#) (finding no infringement, in light of first sale doctrine, where reseller re-bound used books and held them out as new books), Congress, in promulgating [§ 109\(a\)](#), adopted a narrower conception, which negates a claim of unauthorized *distribution* in violation of the author's exclusive right under [§ 106\(3\)](#), but not a claim of unauthorized *reproduction* in violation of the exclusive right provided by [§ 106\(1\)](#). If ReDigi and its champions have persuasive arguments in support of the change of law they advocate, it is Congress they should persuade. We reject the invitation to substitute our judgment for that of Congress.

CONCLUSION

We have considered ReDigi's remaining arguments against the district court's ruling and **[***1803]** find them to be without merit. The judgment of the district court is AFFIRMED.

Flo & Eddie, Inc. v Sirius XM Radio, Inc.

Court of Appeals of New York

December 20, 2016, Decided

No. 172

Reporter

28 N.Y.3d 583 *; 70 N.E.3d 936 **; 48 N.Y.S.3d 269 ***; 2016 N.Y. LEXIS 3811 ****; 2016 NY Slip Op 08480; 121 U.S.P.Q.2D (BNA) 1150; Copy. L. Rep. (CCH) P31,024

[1] Flo & Eddie, Inc., a California Corporation, individually and on behalf of all others similarly situated, Respondent, v Sirius XM Radio, Inc., a Delaware Corporation, Appellant, Does, 1 through 10, Defendants.

Counsel: [****1] Daniel M. Petrocelli, for appellant.

Caitlin Halligan, for respondent.

Electronic Frontier Foundation; Recording Industry Association of America, Inc.; National Association of Broadcasters; iHeartMedia, Inc.; New York State Broadcasters Association Inc.; Howard B. Abrams et al.; Association for Recorded Sound Collections; CBS Radio Inc.; Pandora Media, Inc. et al.; Public Knowledge, amici curiae.

Judges: STEIN, J. FAHEY, J. (concurring). RIVERA, J. (dissenting)

Opinion by: STEIN

Opinion

[***270] [*589] [**937] STEIN, J.:

The Second Circuit Court of Appeals has certified the following question to this Court: "Is there a right of public performance for creators of sound recordings under New York law and, if so, what is the nature and scope of that right?" Because New York common-law copyright does not recognize a right of public performance for creators of sound recordings, we answer the certified question in the negative.

[2] I.

Procedural History

Plaintiff is a corporation owned by two of the original members of The Turtles, a band formed in 1965 and most famous for its No. 1 hit song "Happy Together." Plaintiff controls the master recordings of approximately 100 Turtles

songs that were recorded before 1972. Defendant is the nation's [*590] largest satellite [****2] digital radio service. Defendant acknowledges that it broadcasts pre-1972 sound recordings, including Turtles songs, but does not have licenses with the performers or the sound recording copyright-holders, nor does it pay them for broadcasts. Plaintiff commenced this federal putative class action, [***271] [**938] on behalf of recording artists of pre-1972 sound recordings — or the owners of their rights, who are mostly record companies — alleging common-law copyright infringement and unfair competition. Defendant moved for summary judgment dismissing the complaint.

The United States District Court for the Southern District of New York denied defendant's motion for summary judgment, finding, among other things, that New York affords a common-law right of public performance to protect copyright holders of pre-1972 sound recordings, and that defendant's conduct in making internal reproductions of plaintiff's recordings to facilitate its broadcasts did not constitute fair use ([62 F Supp 3d 325 \[SD NY 2014\]](#)). The District Court indicated that it intended to grant plaintiff summary judgment on liability. That court later denied defendant's motion for reconsideration ([113 USPQ2d 1303 \[SD NY 2014\]](#)), but certified an interlocutory appeal.

On defendant's appeal, the Second [****3] Circuit Court of Appeals determined that the case presented "a significant and unresolved issue of New York copyright law," and certified the foregoing question to this Court ([821 F3d 265, 267, 272 \[2d Cir 2016\]](#))¹. This Court accepted the certified question (27 NY3d 1015, 32 N.Y.S.3d 576, 52 N.E.3d 240 [2016]).

II.

Federal Copyright Law

Although copyright evolved in English common law and was adapted into the common law in this country, it is now primarily governed by federal statutes. Congress enacted the first federal Copyright Act in 1790 (see Act of May 31, 1790 § 1 [1st Congress, 2d Sess, ch 15], 1 US Stat 124, reprinted in Library of Congress, [*591] Copyright Enactments, 1783-1900, at 30- [3] 32); however, federal law did not protect musical works until 1831 (see Copyright Act of 1831, Ch 16, 4 US Stat 436 [1831]). [HN1](#) [↑] Despite a major revision of the Copyright Act in 1909, Congress did not consider audio musical works or recordings — as contrasted with the musical composition (sheet music) — to be within the scope of the Act (see [Capitol Records, Inc. v Naxos of Am., Inc.](#), 4 NY3d 540, 552, 830 N.E.2d 250, 797 N.Y.S.2d 352 [2005]). This is unsurprising, considering that sound recording was, at that time, a relatively new technology². State common law applies to copyright only to the extent that federal statutes do not (see [17 USC § 301 \[a\]](#); [Naxos](#), 4 NY3d at 559). Pursuant to federal statute, copyright protection encompasses original [****4] works of authorship fixed in any tangible medium of expression, including the categories of literary works, musical works, dramatic works and, as relevant here, sound recordings, subject to certain limitations (see [17 USC § 102 \[a\]](#)).

[HN2](#) [↑] Sound recordings were a late addition to the federal statutes. They were first included in the Sound Recording Amendment of 1971, but the protection afforded by the amendment was limited to those recordings produced after February 15, 1972 (see [Pub L 92-140, 85 US Stat 391 \[1971\]](#)). [***272] [**939] The federal statutes then provided exclusive rights to the owner of a copyright to reproduce the work in copies or phonorecords, prepare derivative works, and distribute copies of the work to the public by sale or lease (see [17 USC § 106 \[1\] - \[3\]](#); [Arista Records, LLC v Launch Media, Inc.](#), 578 F3d 148, 152 [2d Cir 2009] [noting the right to reproduce "tangible" copies of sound recordings], cert denied 559 U.S. 929, 130 S. Ct. 1290, 175 L. Ed. 2d 1105 [2010]). Although the statutes provided a right "to perform the copyrighted work publicly," that right applied only to literary, musical, dramatic, and choreographic works, motion pictures, pantomimes and other audiovisual works; Congress expressly stated that this performance right did not extend to sound recordings (see [17 USC § 106 \[4\]](#); [§ 114 \[a\]](#) [providing that the exclusive rights of owners of sound recordings were limited and did not include any [****5] right of performance]; [Arista Records, LLC](#), 578 F3d

¹ Although the Second Circuit held that defendant copied plaintiff's sound recordings in the course of its broadcasting protocol, the court deferred resolution of the fair use defense, unfair competition, and other issues raised, until after we answer its certified question ([821 F3d 265, 270 n 4, 272 \[2d Cir 2016\]](#)).

² The phonograph was invented in 1877.

[at 152](#)).

A summary of the historical background of the distinction between the law's treatment of composers versus performers was articulated in *Bonneville Int'l. Corp. v Peters*, as follows:

[*592] [HN3](#)[↑] "The creator of a musical composition has long had a right of exclusive public performance of that musical piece. . . . However, the owner of a copyright in a *sound recording* of a musical composition has long had very little copyright protection. Until 1971 there was no copyright protection at all. With the Sound Recording Amendment of 1971, a limited copyright in the reproduction of sound recordings was established in an effort to combat recording piracy. However, there was still no right to public performance of that sound recording. Therefore, while playing a compact disc recording of [a particular song] in a concert hall for the paying public [4] would still enrich [the composer's assignee], the person or company that owned the copyright *on the CD recording* of the music would earn no remuneration beyond the proceeds from the original sale of the recording. . . . While radio stations routinely pay copyright royalties to songwriters and composers (through associations like the American Society of Composers, Authors, and Publishers [****6] ('ASCAP') and Broadcast Music, Inc. ('BMI')) for the privilege of broadcasting recorded performances of popular music, they do not pay the *recording industry* royalties for that same privilege. Perhaps surprisingly, this state of affairs, until [the early 1990s], produced relatively high levels of contentment for all parties. 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. The recording industry had repeatedly sought, however, additional copyright protection in the form of a performance copyright. Until 1995, those efforts were rejected by Congress" ([347 F3d 485, 487-488 \[3d Cir 2003\]](#) [internal citations and footnotes omitted, and emphasis added]).

[HN4](#)[↑] In 1995, due to concerns about the expansion of digital means of reproducing music, Congress enacted the Digital Performance Right in Sound Recordings Act (DPRA), which accorded sound recording owners a right to control or authorize the [*593] public performance [****7] of the copyrighted work, but only for performances "by means of a digital audio transmission" ([17 USC § 106 \[6\]](#)). At the same time, however, Congress fashioned a number of exemptions [***273] [***940] to this right. Thus, under federal law, the exclusive right of performance is circumscribed, and excludes transmissions in nonsubscription broadcasts, as well as the playing of music within a business establishment and its surrounding vicinity (see [17 USC § 114 \[d\]](#)).

Essentially, the right to control performance is now limited to digital radio services, and does not apply to AM/FM radio stations, nor to bars, restaurants or stores that play music in their establishments. "This exemption was founded in Congress's desire not to impose 'new and unreasonable burdens on radio and television broadcasters, which often promote, and appear to pose no threat to, the distribution of sound recordings'" (*Bonneville Int'l. Corp.*, [347 F3d at 488](#), quoting HR Rep No. 104-274, at 14 [1995]).

Significantly, the DPRA [HN5](#)[↑] created a highly complex scheme that: established a statutory licensing regime for noninteractive digital subscription services; required copyright owners to grant a license to such services for performance of their sound recordings (in order to prevent an artist from refusing to [****8] allow digital radio play); provided a means of determining reasonable rates and royalty payments (including a dispute resolution system); and required that portions of the royalties be distributed to the recording artists, as well as to the copyright owner (see [17 USC § 114 \[d\], \[e\], \[f\], \[g\]; Bonneville Int'l. Corp.](#), [347 F3d at 488-489](#)). [HN6](#)[↑] The enactment [5] of the DPRA was prompted, in part, by concerns that, without appropriate protection, the creation of new sound recordings and musical works would be discouraged, and new subscription and interactive services might adversely affect sales of sound recordings and erode the ability of copyright owners to control and be paid for their work (see [Arista Records, LLC](#), [578 F3d at 154](#)). After years of public comment and deliberation, Congress attempted to strike a balance between, on the one hand, protecting owners of copyright and encouraging creation of new music and, on the other hand, promoting the development of new media and distribution forms (see *id.*). Indeed, through the DPRA's intricate scheme of rules and exceptions, Congress balanced the interests of numerous stakeholders, including digital radio services, recording companies, composers, terrestrial radio stations, businesses that play music on their premises, performing artists, and [****9] the public.

[HN7](#)[↑] [*594] In the DPRA, Congress specifically provided that, while the federal copyright statutes preempted

other laws, they did not limit or annul the common law or statutes of any state with respect to a violation of rights unless the rights provided under state law were equivalent to the exclusive rights contained in [17 USC § 106](#) (see [17 USC § 301 \[b\] \[3\]](#)). With respect to sound recordings fixed before February 15, 1972, Congress expressly stated that any rights or remedies under state statutes or common law (that do not conflict with the federal statutes) may be applied until February 15, 2067 (see [17 USC § 301 \[c\]](#)). In this regard, the United States Supreme Court has held that states can regulate — by statute or common law — areas of copyright not covered by federal statutes, including recordings of musical performances fixed prior to 1972 (see [Goldstein v California, 412 U.S. 546, 570-571, 93 S. Ct. 2303, 37 L. Ed. 2d 163 \[1973\]](#) [upholding California anti-piracy statute applied to pre-1972 sound recordings]). While Congress permitted the states to regulate unaddressed areas of copyright law until 2067, it neither indicated that such rights existed, nor required states to recognize or create new or additional rights.

[**941] [***274] [HN8](#)^(↑) In a case addressing statutory copyright, the Supreme Court explained that, while copyright is [****10] a form of property interest, it is not like ordinary chattels insofar as it "comprises a series of carefully defined and carefully delimited interests to which the law affords correspondingly exact protections" ([Dowling v United States, 473 U.S. 207, 216, 105 S. Ct. 3127, 87 L. Ed. 2d 152 \[1985\]](#)). Consistent with that principle, [17 USC § 106](#) confers certain exclusive rights, including the right to publish, copy and distribute the work, but the copyright owner is subjected to defined limits and is not accorded "complete control over all possible uses of his [or her] work" (*id.* at 217 [internal quotation marks and citations omitted]).

III.

New York State Common-Law Copyright

The question now before us is whether, in light of this history, New York common law includes a right to control public performances of pre-1972 copyrighted sound recordings. If so, the copyright holders have gone decades without acting to enforce that right.

The common law, of course, evolves slowly and incrementally, eschewing sudden or sweeping changes (see [Norcon Power \[*595\] Partners v Niagara Mohawk Power Corp., 92 NY2d 458, 467-468, 705 N.E.2d 656, 682 N.Y.S.2d 664 \[1998\]](#)). We have recognized that the legislature has the ability to step in and make drastic changes to the law, but that courts cannot do so (see [Roberson v Rochester Folding Box Co., 171 NY 538, 545, 64 N.E. 442 \[1902\]](#)). Rather, when addressing a legal question for the first time, courts must be mindful of the effect on future litigation and the [****11] development of the law (see *id.* at 545-547). State court cases in New York have not directly addressed the question of whether the common-law copyright for sound recordings includes the right of public performance. Thus, this issue of first impression requires a review of our state's relevant case law.

[Palmer v De Witt \(47 NY 532 \[1872\]\)](#) was an early case concerning common-law copyright of a play. In that case, this Court explained that authors have a common-law copyright — also called the right of first publication — in unpublished works of any form, including literary works, dramatic or musical compositions, designs or artwork. In accordance with such right, the author may determine whether to publish the work at all and, if so, "when, where, by whom, and in what form" (*id.* at 536). That exclusive right was limited to the first publication such that, under common law, once the work was published and dedicated to the public, it became the property of the world, and the author had no exclusive right to make multiple copies or control whether others could make and distribute copies (see *id.* at 536, 539). Nevertheless, while we did not recognize a common-law right to control distribution after the first publication, authors obtained a statutory right to multiply [****12] copies to the exclusion of others (see *id.* at 536; see also [A.J. Sandy, Inc. v Junior City, 17 AD2d 407, 409, 234 N.Y.S.2d 508 \[1st Dept 1962\]](#)). In other words, in *Palmer*, this Court described the protection of literary labor as primarily statutory in nature and concluded that the common-law protection was "very slight at the best" ([Palmer, 47 NY at 539](#)).

The question then became whether the dramatic composition at issue in *Palmer* had been "published" by being performed on stage with the author's permission, even though the script, itself, had not been distributed to the public. In that regard, we explained that "[t]he rights of an author [***275] [**942] of a drama in his [or her] composition are twofold. He [or she] is entitled to the profit arising from its performance, and also from the sale of the manuscript,

or the printing and publishing [of] it" ([id. at 543](#)). Those rights — performance; and printing and distribution [*596] — were described as entirely distinct, it being possible for one to exist without the other (see [id. at 542](#)). We noted that the exclusive right of first publication existed at common law, but that the right to control public performance was created by statute; in fact, the common law permitted anyone to perform a play from memory or from a legally procured script, without paying royalties to perform it (see *id.*). [****13] *Palmer* was an early example of the principle that a copyright owner can have separate rights addressing copying and performing, with the former based in common law and the latter based in statute. We did not recognize a single, inseparable bundle of rights.

Seventy years later, in *Pushman v New York Graphic Socy.*, this Court recognized [6] that an artist has a common-law copyright — which we alternately called "control of the right to reproduce" — that protects the right to make reproductions of a painting, which right is separate from, and does not necessarily pass with, the sale of the painting ([287 NY 302, 307, 39 N.E.2d 249 \[1942\]](#)). That case similarly drew a distinction between the right to make copies and the right to the physical object itself, at times giving protection to one but not the other.

An important federal case in this discussion, decided a few years before *Pushman*, is [RCA Mfg. Co., Inc. v Whiteman \(114 F2d 86 \[2d Cir 1940\]](#), *certs denied* 311 U.S. 712, 61 S. Ct. 394, 85 L. Ed. 463 [1940]). Defendant contends that *Whiteman* definitively held that New York's common law does not provide a right of public performance to a copyright owner of a sound recording. Defendant maintains that, for the nearly 75 years between that decision in 1940 and the District Court's decision in the present case, all interested stakeholders treated [****14] *Whiteman* as a proper statement of New York law. In *Whiteman*, RCA had a contract pursuant to which it recorded Whiteman's orchestra and sold the records to the public, with a legend on each record stating that it was not licensed for radio broadcast (see [id. at 87](#)). The defendant broadcasting company purchased the records and then broadcast them on the radio. The Second Circuit considered the questions of whether Whiteman and RCA had any common-law property rights in the recordings that were invaded by such broadcasting and, if so, whether the legend limited the use that buyers might make of the records (see *id.*). The court began its analysis by noting that, although rights in sound recordings had been recognized only fairly recently — because it had been possible to record an artist's performance only since the advent of the phonographic record — such rights had nevertheless [*597] become valuable (see [id. at 88](#)). The court ultimately held that "the 'common-law property' in these performances ended with the sale of the records and that the restriction did not save it" (*id.*).

That holding is based, in part, on the premise that any form of copyright "is a monopoly [that] consists only in the power to prevent others [****15] from reproducing the copyrighted work" (*id.* [emphasis added]). The court concluded that the broadcaster did not invade that right, because it never copied the performances; the broadcaster "merely used those copies which [Whiteman and RCA] made and distributed," in the way that the performances were intended to be used — namely, by playing them (*id.*). Addressing publication of the work, the court then applied that premise to conclude, consistent with the old common-law copyright rule, that the copyright [***276] [**943] was extinguished once a work was published (see [id. at 89](#)). The court stated that, if the common-law copyright had dissolved, "then anyone may copy it who chanc[es] to hear it, and may use it as he [or she] pleases. It would be the height of 'unreasonableness' to forbid any uses to the owner of the record which were open to anyone who might choose to copy the rendition from the record" (*id.*).

Fifteen years later, in [Capitol Records, Inc. v Mercury Records Corp. \(221 F2d 657 \[2d Cir 1955\]\)](#), the Second Circuit again addressed the topic, including the *Whiteman* [7] decision. At that time, a sound recording itself — as opposed to the musical composition — was not a copyrightable work under the federal statutes. Finding "a complete dearth of authority" in New York state law, [****16] the court premised its decision upon principle ([id. at 662](#)). As relevant here, the court addressed the question of whether the owner of the right to make certain sound recordings lost that right as soon as it sold its first records (see [id. at 663](#)). The court summarized *Whiteman* as holding that "the common law property in the performances of musical artists which had been recorded ended with the sale of the records and that thereafter anyone might copy them and use them as he [or she] pleased" (*id.*). The court then asserted, however, that "the quoted statement from [*Whiteman*] is not the law of the State of New York" (*id.*). Citing a state trial-level decision handed down after *Whiteman*, the Second Circuit concluded that, where the originator of "records of performances by musical artists puts those records on public sale, his [or her] act does not constitute a dedication of the right to copy and sell the records" (*id.*, citing [Metropolitan Opera Assn. v \[*598\] Wagner-Nichols Recorder Corp., 199 Misc 786, 101 N.Y.S.2d 483 \[Sup Ct, NY County 1950\]](#), *affd* 279 App Div 632, 107 N.Y.S.2d 795 [1st Dept 1951]).

In our view, *Mercury Records* overruled *Whiteman's* holding, but not the underlying premise pronounced in that case. [HN9](#) [] The holding of *Mercury Records* — that merely selling a record to the public does not divest the copyright holder of its exclusive interest in the right to copy [****17] and distribute the protected sound recording — constitutes protection against piracy, which all of the parties and amici here recognize as valid. However, *Mercury Records* did not address the underlying premise stated in *Whiteman* — that common-law copyright of sound recordings "consists only in the power to prevent others from *reproducing* the copyrighted work"; that limited right does not include control over other rights in the work, such as public performance (*Whiteman*, 114 F2d at 88 [emphasis added]). Since the 1940s, the recording and broadcasting industries appear to have acted in conformity with that premise, as evidenced by the apparent absence of any attempt by sound recording copyright owners to assert control over the right of public performance.

In the *Metropolitan Opera* case (*199 Misc 786*, 101 N.Y.S.2d 483), the Metropolitan Opera (the Met) entered into a contract with ABC for the exclusive right to broadcast its performances. The Met also entered into a contract with Columbia Records for the exclusive right to make and sell phonograph records of its performances, but reserved the right to approve all records before they were offered for sale (see *id.* at 789). The defendant recorded the ABC broadcast performances off the air, without [****18] permission, and used those recordings to produce records that it then sold to the public (see *id.* at 790). The principal claim in the action brought by the Met was for unfair competition, but the Met also argued that it and its assignees possessed protected property rights such [***277] [**944] that they could exclude others from making recordings. The court concluded that the production of an opera included creative elements that the law of copyright would recognize and protect against appropriation (see *id.* at 798). Specifically, the court concluded that, under the [8] common law, the live performance of an opera on stage and the broadcast of it on television under an exclusive broadcasting contract was publication for only a limited purpose, which did not dissolve the Met's rights to that performance for other purposes (see *id.*, citing *Palmer*, 47 NY 532). The court noted the care exercised by the Met in limiting its grants by entering [*599] exclusive contracts and reserving the right to approve records before their release, which indicated "an attempt to retain effective control over the broadcasting and recording of its performances" (*Metropolitan Opera Assn.*, 199 Misc at 799).

[HN10](#) [] As the Second Circuit correctly stated in *Mercury Records*, *Metropolitan Opera* held that an artist or creator [****19] of a performance can, under New York common law, prevent someone without permission from exploiting a performance by making a surreptitious recording of it, reproducing that recording and selling the copies, as the defendant did there (see *Mercury Records Corp.*, 221 F2d at 663). In our view, however, *Metropolitan Opera* is essentially limited to an anti-piracy determination. Most of the other state trial-level cases also concern piracy or the meaning of the word "publication" in the copyright arena (see e.g. *Capitol Records v Greates Records*, 43 Misc 2d 878, 879, 252 N.Y.S.2d 553 [Sup Ct, NY County 1964]; *Columbia Broadcasting Sys. v Documentaries Unlimited*, 42 Misc 2d 726, 726-727, 248 N.Y.S.2d 809 [Sup Ct, NY County 1964]; *Brandon Films v Arjay Enters.*, 33 Misc 2d 794, 795, 230 N.Y.S.2d 56 [Sup Ct, NY County 1962]; *Gieseeking v Urania Records*, 17 Misc 2d 1034, 1035, 155 N.Y.S.2d 171 [Sup Ct, NY County 1956]). None of those cases, including *Metropolitan Opera*, directly address the right of public performance.³

Several cases addressing New York common law cite the decision of the Pennsylvania Supreme Court in *Waring v WDAS Broadcasting Station* (327 Pa 433, 194 A 631 [1937]). There, an orchestra sued a radio station for

³ [HN11](#) [] Publication is an important concept in common-law copyright. Copyright originally applied only to written works and, as noted above, the act of publication generally divested the author of common law rights (see *Capitol Records, Inc. v Naxos of Am., Inc.*, 4 NY3d 540, 551-552, 830 N.E.2d 250, 797 N.Y.S.2d 352 [2005]; *Jewelers' Mercantile Agency v Jewelers' Weekly Publ. Co.*, 155 NY 241, 247, 49 N.E. 872 [1898]). Thus, the common-law copyright was sometimes referred to as the right of first publication (see *Pushman v New York Graphic Socy.*, 287 NY 302, 307, 39 N.E.2d 249 [1942]; *Palmer v De Witt*, 47 NY 532, 536 [1872]). We have recognized that, because copyright laws were originally created to protect the written word, courts have been confronted with challenges in attempting to apply those laws to new or different forms of communication or expression (see *Naxos*, 4 NY3d at 552). Indeed, several of the cases cited in the immediately-preceding text above, as well as many others, have addressed what constitutes a general publication of a sound recording, such as would commit the recording to the public domain and divest it of common-law copyright protection. Federal statutes define "publication," but the definition only applies to works falling within the statutes themselves; pre-1972 sound recordings are not covered (see *id.* at 557; 17 USC § 101). Despite this digression, publication is not at issue in our discussion of the certified question here.


broadcasting the orchestra's [*600] records, despite a label on each record stating that it was not licensed for radio broadcast (see [id. at 436, 194 A at 632-633](#)). The radio station had [***278] [**945] appropriated and used the orchestra's efforts for the station's own profit, in competition with the orchestra itself, which performed live on the radio each week in exchange for a sizable sum (see [id. at 452-453, 194 A at 640](#)). The Pennsylvania Supreme Court reasoned in that case that the phonograph record, itself, was distinct [****20] and independent from the title to the artistic property contained on it (the orchestra's performance of a composition), and that use of the latter could be limited despite the sale of the record (see [id. at 448, 194 A at 638](#)). Accordingly, the court determined that equity would allow an injunction to protect against unfair competition (see [id. at 449, 194 A at 638](#)).

[Waring](#) has no direct bearing on whether New York common law recognizes a right of public performance of sound recordings. To the extent this 1937 out-of-state decision pronounced a public performance right for creators of sound recordings under Pennsylvania common law, we find this holding inapplicable in the context of New York state common-law copyright.

The most recent pronouncement from this Court on New York's common-law copyright came in the 2005 case of [Capitol Records, Inc. v Naxos of Am., Inc.](#) (4 NY3d 540, 830 N.E.2d 250, 797 N.Y.S.2d 352 [2005]). There, we were presented with a certified question and sub-questions that we summarized as asking "whether there is common-law copyright protection in New York for sound recordings made prior to 1972" ([id. at 544](#)). The plaintiff recording company, Capitol Records, had recorded famous musicians in the 1930s and had contracts with the artists that permitted an absolute world-wide right to the performances, including the right [****21] to make and sell copies of the recordings to the public. The defendant conducted its own restoration of the original recordings and offered compact discs for sale in the United States, without obtaining a license. The complaint alleged common-law copyright infringement under New York law.

The *Naxos* decision included summaries of *Waring*, *Metropolitan Opera* and *Whiteman* (see [id. at 553-554](#)). Our synopsis of *Waring* was limited to stating that an artist's rights in records were protected by state common law, and that the sale of records with a limiting label did not constitute a publication that would divest the artist of common-law property rights, [9] because the labels indicated a lack of intent to make the records common [*601] property (see *id.*). We observed that the Second Circuit had reconsidered its view of state common law after *Metropolitan Opera*, and referred to that court's announcement in *Mercury Records* "that the appropriate governing principle [under New York common law] was that 'where the originator . . . of records of performances by musical artists puts those records on public sale, his [or her] act does not constitute a dedication of the right to copy and sell the records'" ([Naxos, 4 NY3d at 554](#), quoting [Mercury Records Corp., 221 F2d at 663](#)). This, [****22] we stated, was consistent with the long-standing practice of the United States Copyright Office and "became the accepted view within the music recording industry" ([Naxos, 4 NY3d at 555](#)). Recognizing that these decisions appear to conflict with the traditional principle that a public sale of a literary work constituted a general publication that terminated a common-law copyright, such that any further copyright protection must be statutory, we pointed out the historical distinction in the treatment of literary and musical works (see *id.*).

[***279] [**946] Turning to the scope of common-law copyright protection in New York, this Court indicated in *Naxos* that both the judiciary and the state legislature intended to fill the void left by Congress to protect owners of sound recordings (see [id. at 559](#), citing [Penal Law art 275](#), and [Arts & Cultural Affairs Law § 31.01](#) as legislative efforts). We recognized that the federal statutes had abrogated our state common-law protection of sound recordings in two respects: first, the common law does not cover any sound recordings fixed after February 15, 1972, because the federal statutes cover them; and second, any state common-law protection for pre-1972 sound recordings is not perpetual because a federal statute mandates that state rights will [****23] cease in 2067 (see [Naxos, 4 NY3d at 560](#); see also [17 USC § 301 \[c\]](#)). Thus, we concluded that the pre-1972 sound recordings at issue therein were entitled to copyright protection under New York common law until 2067 (see [Naxos, 4 NY3d at 560](#)).

Next, it was necessary for us to determine what constituted "publication" under the facts presented. [HN12](#) We declared that "in the realm of sound recordings, it has been the law in this state for over 50 years that, in the absence of federal statutory protection, the public sale of a sound recording otherwise unprotected by statutory copyright does not constitute a publication sufficient to divest the owner of common-law copyright protection" (*id.*). We concluded that the musical [*602] recordings therein were entitled to common-law copyright protection under our state law, regardless of whether they had entered the public domain in the country of origin, if the alleged infringement occurred

in New York (see [id. at 561-563](#)).

[HN13](#)[↑]] In answering one of the sub-questions in *Naxos*, this Court delineated the elements of a cause of action alleging New York common-law copyright infringement: "(1) the existence of a valid copyright; and (2) unauthorized reproduction of the work protected by the copyright" ([id. at 563](#) [emphasis added]). We referred to [\[****24\]](#) the second element as requiring "unauthorized copying and distribution" (*id.*); we did not include unauthorized performance as an [\[10\]](#) alternative way of establishing that element. Indeed, our decision did not, in the context of rights under state common-law copyright, discuss public performance at all.

Naxos does not resolve the question presently before us. That, too, was an anti-piracy case; it reiterated that New York's common-law copyright protection would prevent the unauthorized copying and sale of records. However, *Naxos* did not address the right of public performance. Thus, our conclusion in *Naxos* that pre-1972 sound recordings are subject to some New York common-law copyright protection does not define the scope of that protection or stand for the proposition that there is a single aspect to that protection, as opposed to separate and distinct aspects of reproduction and performance.

While the cases discussed above are not directly on point, they do demonstrate that [HN14](#)[↑]] we can, and do, separate the various rights held by creators of sound recordings. *Palmer* recognized the two distinct rights of a play's author — the right to control copying and sales of scripts, and the right to control [\[****25\]](#) performances (see [47 NY at 543](#)). These rights were described in a way that separated them for legal purposes. *Pushman* also discussed the separate nature of the artist's rights to sell a painting and to control the ability to make reproductions (see [287 NY at 307](#)). [\[***280\]](#) [\[**947\]](#) Moreover, these distinct rights have been treated differently.

Most of the decisions from lower courts, or from federal courts applying New York law, have been rendered in anti-piracy cases that do not provide an answer or rationale to support a conclusion regarding the question presented here — whether New York common law provides a right of public performance to creators of sound recordings (see [Mercury Records \[*603\] Corp., 221 F2d at 663](#); [Giesekeing, 17 Misc 2d at 1035](#); [Capitol Records v Greates Records, 43 Misc 2d at 879](#); [Metropolitan Opera, 199 Misc at 799](#)). Although *Whiteman* was overruled in part, *Mercury Records* should not be read to overrule the underlying premise — not at issue in the latter case — that our common-law copyright protection prevents only the unauthorized reproduction of the copyrighted work, but permits a purchaser to use copies of sound recordings for their intended purpose, namely, to play them (see [Whiteman, 114 F2d at 88](#)). It makes sense that, consistent with its name, *copyright* prevents *copying* of a work, but does not prevent someone from using a copy, once it has been lawfully procured, in any other [\[****26\]](#) way the purchaser sees fit.

IV.

Societal Expectations

[HN15](#)[↑]] The understanding and expectations of society are also relevant to the question of what falls within the common-law copyright protection (see [Motorola Credit Corp. v Standard Chartered Bank, 24 NY3d 149, 162-163, 996 N.Y.S.2d 594, 21 N.E.3d 223 \[2014\]](#) [refusing to overrule long-standing common-law rule because interested parties in the affected segment of society had relied on the rule]; [Naxos, 4 NY3d at 561 n 9](#) [observing that our conclusion regarding state common law copyright was the same position taken by the United States Copyright Office and sound recording industry]). In [\[11\]](#) that regard, at hearings held before Congress, representatives of the recording industry have indicated that copyright owners do *not* have a right of performance (see e.g. [Arista Records, LLC, 578 F3d at 153](#) [citing 1995 testimony of Jason Berman, president of the Recording Industry Association of America, that without a copyright in right of performance via internet technology, the industry would be unable to compete in the emerging digital age]; Testimony of Jason S. Berman Before the House Judiciary Subcomm on Courts and Intellectual Property: Hearing on HR 1506 [June 21, 1995] [stating that under existing law, performers "have no rights to authorize or be compensated for the broadcast or other public performance of their [\[****27\]](#) works"]; Copyright Law Revision: Hearings Before the Subcomm on the Judiciary, Part 2, 90th Cong, at 496, 500 [1967] [stating that under existing law the record companies and performers receive nothing from public performance on radio or in clubs]).

[*604] While plaintiff suggests that this testimony, and the lobbying of Congress by the recording industry for a right of public performance, merely reflected the understanding that there was no *federal statutory right* to public performance in sound recordings, many of the statements reflect a broader understanding that there was *no such right* — including under state common law — to protect copyright holders of sound recordings⁴. Indeed, several Registers of **[***281]** **[**948]** Copyrights have repeatedly indicated that no such public performance right exists, or at least that it was not generally recognized (see Copyright Office, Federal Copyright Protection for Pre-1972 Sound Recordings: A Report of the Register of Copyrights 44-45 [2011] [explaining that "[i]n general, state law does not appear to recognize a performance right in sound recordings"]⁵; Performance **[12]** Royalty: Hearings Before the Subcomm on Patents, Trademarks and Copyrights of the Sen Comm on the Judiciary on S 1111, 94th Cong, at 10 [Comm Print 1975] [stating **[****28]** that creators of sound recordings have copyright protection under federal law, but "still receive no royalties whatever from the public performance for profit of their copyrighted works"]; Copyright Law Revision: Hearings Before Subcomm No 3 of the House Comm on the Judiciary on HR 4347, HR 5680, HR 6831, HR 6835, 89th Cong, at 1863 [Comm Print 1965] [opining, based on experience, that the chance of enacting a bill recognizing a right of performance in sound recordings was so remote as to be nonexistent]). To be sure, the beliefs of these individuals and groups are not dispositive; however, they do shed some light on the fact that stakeholders in this arena have not understood New York common-law **[*605]** copyright to provide a right of public performance to the copyright holders of sound recordings (see [Naxos, 4 NY3d at 561 n 9](#)).

Indeed, it would be illogical to conclude that the right of public performance would have existed for decades without the courts recognizing such a right as a matter of state common law, and in the absence of any artist or record company attempting to enforce that right in this state until now. The absence of a right of public performance in sound recordings was discussed at the federal level for years and became acutely **[****29]** highlighted in 1971, upon enactment of the Sound Recording Amendment, and again in 1995, upon enactment of the DPRA. At those times, all interested parties were placed on notice of the statute's limited rights for post-1972 sound recordings. Although parties do not lose their rights merely by failing to enforce them, the fact that holders of rights to sound recordings took no action whatsoever to assert common-law protection for at least the past four decades — when the absence of a comprehensive federal right of public performance for sound recordings was clear — supports our conclusion that artists and copyright holders did not believe such a right existed in the common law.

Instead, [HN16](#)[↑] common sense supports the explanation, articulated by the Third Circuit, that the record companies and artists had a symbiotic relationship with radio stations, and wanted them to play their records to encourage name recognition and **[***282]** **[**949]** corresponding album sales (see [Bonnevill Int'l. Corp., 347 F3d at 487-489](#)). As the dissent acknowledges (see dissenting op at 25), the Federal Copyright Office explicitly recognized the technological advances affecting the interests of the various participants in the music industry as early as 1991 (see Register of Copyrights, Report on Copyright Implications of Digital Audio Transmission Services, at 154-155 [Oct 1991]). Nevertheless, those participants have **[****30]** co-existed for many years and, until now, were apparently "happy together." While changing technology may have rendered it more **[13]** challenging for the record companies and performing artists to profit from the sale of recordings, these changes, alone, do not now warrant the precipitous creation of a common-law right that has not previously existed.

Simply stated, [HN17](#)[↑] New York's common-law copyright has never recognized a right of public performance for pre-1972 sound recordings. Because the consequences of doing so could be **[*606]** extensive and far-reaching, and there are many competing interests at stake, which we are not equipped to address, we decline to create such a right for the first time now. Even the District Court here, while finding the existence of a common-law copyright of public

⁴ The dissent similarly asserts that, when Congress amended the Copyright Act to include post-1972 sound recordings but explicitly withheld the right of public performance, "Congress understood that state common law included a right of performance, for otherwise this express reservation would be unnecessary" (dissenting op at 22). But it is at least equally plausible that Congress believed that no right of public performance existed, even under the common law, and codified an explicit exclusion to make its understanding clear, particularly in light of the recording industry's lobbying efforts to create such a right. Even if Congress believed that such a right existed under state common law, such belief was unfounded as it pertained to New York.

⁵ This 2011 statement was revised after the present case was commenced. The Register of Copyrights clarified that, while states could recognize a performance right in sound recordings under their common law, state law did not appear to recognize such a right at that time (see [Music Licensing Study: Second Request for Comments, 79 Fed Reg 42,834 n 3 \[July 23, 2014\]](#)).

performance in sound recordings, acknowledged that such a right was "unprecedented," would upset settled expectations, and would "have significant economic consequences" ([62 F Supp 3d at 352](#)). Under these circumstances, the recognition of such a right should be left to the legislature.

[HN18](#)¹ As Congress demonstrated when it enacted the DPRA — by including mandatory licensing and a rate-setting scheme, as well as exemptions — recognizing **[***31]** new rights in this complex area of law involves a delicate balancing of numerous competing interests, requiring an intricate regulatory scheme that can be crafted only by a legislative body. For instance, to make practical the exercise of the right of public performance, it would certainly be necessary to have a central agency or clearinghouse — as the DPRA has established — to maintain a record of ownership rights in sound recordings.

Further, in contrast to the anti-piracy right — which is based on an acknowledgment that no relevant stakeholder has a legitimate interest in unauthorized duplication and distribution of sound recordings — some stakeholders may be harmed if we recognize a right of public performance. Composers, for instance, are paid royalties each time their song is performed publicly (see [17 USC § 106 \[4\]](#)). However, if the sound recording copyright holder has control over whether and when a recording of that song is played, the composer could lose royalties. In addition, the public and the artists could be harmed by the recognition of a right of public performance. Specifically, if deterred by the costs of paying to play older songs, radio services may choose to limit or cease their **[***32]** broadcasts of pre-1972 music. The public will then be deprived of this music and artists will be deprived of the interest in their performances that is generated by radio broadcasting, potentially resulting in decreased revenue to the performers from record sales and from live concerts, festivals and merchandise which, in many instances, have replaced record sales as the performers' primary sources of income. These are but a few of the potential ramifications of recognizing a right of public performance; there are undoubtedly others which we have not even considered. Moreover, the requested expansion of copyright protection is **[*607]** not necessary to encourage the creation of music, as it **[***283]** **[**950]** would apply only to recordings that were already created more than 40 years ago.

We cannot ignore the fact that Congress studied the nature and scope of the right to the public performance of sound recordings for nearly two decades before revising the federal **[14]** statutes to recognize a limited right. Indeed, in 1976, Congress "considered at length the arguments in favor of establishing a limited performance right, in the form of a compulsory license, for copyrighted sound recordings, but concluded that the **[***33]** problem require[d] further study" (HR Rep 94-1476, 106, reprinted in 1976 USCCAN 5659, 5721 [1976]). As directed by the Copyright Act of 1976, the Register of Copyrights submitted a voluminous report in 1978, recommending that Congress enact a limited right to control public performances of sound recordings. Not until 1995 did Congress take action on that recommendation and enact any such right and, even then, the right it created was a narrow one circumscribed by a nuanced regulatory scheme limited to digital transmissions of post-1972 sound recordings (see *Pub L No 104-39 § 2 (3)*, *109 Stat 336 [1995]*). Moreover, as part of that statutory scheme, Congress included a requirement that the copyright holder pay a portion of the royalties to the recording artist; even if we were to recognize a common-law copyright to public performance, there is no guarantee that the artists would receive any portion of the royalties, as many copyrights are apparently held by the record companies. Ultimately, it cannot be overstated that, if this Court were to recognize a right of public performance under the common law, we would be ill-equipped — or simply unable — to create a structure of rules to properly guide the **[***34]** application of that right. The legislative branch, on the other hand, is uniquely qualified, and imbued with the authority, to conduct the required balancing of interests and make the necessary policy choices.

V.

Scope of Right

The question certified to us also asks — *if* we recognize a right of public performance in sound recordings — that we define the nature and scope of that right. Because we do not recognize such a right, we need not address the second portion of the **[*608]** certified question. However, a brief discussion of the issue further demonstrates why we should not create the right in the first instance.

Plaintiff argues that the right of public performance should apply when a sound recording is used for "commercial

purposes," but the scope of that term remains undefined. For instance, it is unclear whether the right would apply to AM/FM radio broadcasting. Traditional radio stations generate money through advertisers, who essentially pay for the music, so it may very well be that the recordings will be considered as being used for a commercial purpose in that arena. It would be irresponsible for us to recognize a right of public performance and leave open such a basic question as [***35] whether such right applies to ordinary radio. It is similarly unclear whether the right would extend only to situations in which someone is charged directly for the music — such as defendant's digital radio service, or even a juke box — or whether the right would also apply where payment is indirect, such as to a bar that imposes a cover charge when it has a DJ who plays music. As plaintiff concedes, the public performance right might also apply to public entities, such as museums or schools. Given this uncertainty and the plethora of issues [15] involved in [***284] [**951] deciding these questions, such line-drawing is best left to the legislature.⁶


The dissent would recognize a right of public performance in pre-1972 sound recordings that tracks the federal right in post-1972 [**609] sound recordings (see dissenting op at 26). While the dissent notes that the federal law reflects Congress's balancing of the varied and competing interests involved, this only highlights that a legislative body — not the courts — should make decisions regarding such a right⁷. Additionally, it would be highly unusual for this [16] Court to simply adopt federal statutes as the embodiment of the scope of a state common-law right. Moreover, [***36] as a practical matter, not all aspects of the complex federal scheme can be directly incorporated under our common law. For example, in the DPRA, Congress provided a means of determining reasonable rates and royalty payments, including a dispute resolution system (see [17 USC § 114 \[f\]](#)). However, state courts have no authority to require the federal Copyright Royalty Judges to adjudicate challenges to royalty rates on pre-1972 sound recordings (see [17 USC § 114 \[f\]](#); [§ 801-804](#)), nor do we have the authority to create a New York State version of that dispute resolution system.

Further, [HN19](#)[↑] the federal Copyright Act — on which the dissent would rely to define the scope of our state's common-law right — [***285] [**952] applies nationally, not on a state-by-state basis. The dissent acknowledges that defendant's subscribers "can travel cross-country and enjoy uninterrupted and unlimited play" of music within defendant's coast-to-coast satellite coverage area (dissenting op at 3). Defendant's license from the Federal Communications Commission requires it to broadcast the same [***37] music or programs nation-wide, and does not allow defendant [**610] to customize its programming by state or region. Despite these circumstances and the portable nature of radio service, the dissent does not address the difficulties that would arise if this Court, and other

⁶ The certified question does not differentiate between different media or types of services in the continuum of public users of sound recordings, as recounted in the concurrence, such as: terrestrial radio; free Internet radio broadcasters; subscription satellite and Internet radio broadcasters (like defendant); and interactive digital services that allow a user to "rent" the provider's library of music at any time. Regardless of the media used, we hold that the creator of the sound recording is not entitled to a right of public performance under our common law. We acknowledge that a number of questions, not raised or addressed by the parties in this case, remain unresolved. For example, as noted in the concurrence, interesting questions may come to mind concerning whether obtaining a song from an interactive digital service — which permits a paying user to select any particular song and call it up on any device at any time, or even, perhaps, to download the song and play it when not connected to the Internet — violates some protected rights of the owners of sound recordings under state common-law or some other copyright principles. That question — and, indeed, others not yet envisioned based upon new and emerging technologies — remains open until addressed by the legislature or until properly presented to the Court in the context of a proceeding in which all interested stakeholders have an opportunity to provide input regarding such novel issues.

⁷ The dissent relies upon a settlement reached by these parties in a federal class action in California, to support the proposition that defendant is well positioned to address claims for compensation by creators of sound recordings. Such reliance is misplaced for several reasons. First, in the California action, defendant's liability was established under a state *statute* providing a right of public performance in sound recordings (see [Cal Civil Code § 980 \[a\] \[2\]](#); see also [Flo & Eddie Inc. v Sirius XM Radio Inc.](#), 112 U.S.P.Q.2d (BNA) 1307 [CD Cal 2014]). This highlights our conclusion that such a right is most appropriately created and defined by a legislative body. Second, the amount of damages for which defendant will be responsible in that action is apparently contingent on the outcomes of two other actions pending between the parties — a case brought in the Florida federal courts, and the case currently before us (see Jonathan Stempel, *Sirius May Settle Music Copyright Suit Brought by the Turtles for \$100M*, [insurancejournal.com](#), Nov. 30, 2016, available at <http://www.insurancejournal.com/news/national/2016/11/30/433536.htm>). Third, the California settlement is not final, as it requires judicial approval (see *id.*; Amanda Bronstad, *Sirius XM Radio Agrees to Settle Copyright Case With 60s Rock Band The Turtles*, *The National Law Journal*, Nov. 14, 2016, available at <http://www.nationallawjournal.com/id=1202772377801>).

state courts across the country, were to separately determine the existence and scope of a common-law right of public performance for sound recordings and were to reach different results in neighboring jurisdictions that may share radio airwaves. Those difficulties present yet another reason why the parameters of any such right should be defined by a legislative body.

Finally, [HN20](#)  we note that sound recording copyright holders may have other causes of action, such as unfair competition, which are not directly tied to copyright law. Indeed, in the present case, plaintiff prevailed in the District Court on its causes of action alleging unfair competition and unauthorized copying of sound recordings. The Second Circuit concluded that defendant had copied plaintiff's recordings, but postponed the questions of fair use and unfair competition until after our resolution of the certified question ([821 F3d at 270 n 4, 272](#)). Thus, even in the absence of a common-law **[****38]** right of public performance, plaintiff has other potential avenues of recovery.

At the end of the day, the question before us is not whether recognizing a right of public performance in sound recordings is a good idea, or whether the absence of such a right enures to the detriment of any particular individual or group. Rather, the question is whether that determination should be made by this Court or whether it should be left to the legislature; in our view, the answer is decidedly the latter. We hold that New York common law does not recognize a right of public performance for creators of pre-1972 sound recordings. Accordingly, the certified question should be answered in the negative.

Concur by: FAHEY

Concur

FAHEY, J.(concurring):

I agree with my colleagues in the majority that the common law of this state does not recognize a right of public performance for the creators of sound recordings fixed prior to February 15, 1972 (see majority op at 31), and that the question whether to recognize such a right is best left to the legislature (see *id.*). Consequently, I also generally agree with my colleagues in the majority that the pertinent part of the certified question, which asks whether there is "a right **[****39]** of public performance for creators of sound recordings under New York law" ([Flo & Eddie, Inc. v Sirius XM Radio, Inc.](#), [821 F3d 265, 272 \[2d Cir 2016\]](#)), should be answered in the negative.

[*611] In seeking guidance from this Court, however, the United States Court of Appeals for the Second Circuit noted that we should exercise our power to "reformulate or expand [its certified] question as appropriate" (*id.* [internal quotation marks omitted]; see [Beck Chevrolet, Inc. v General Motors LLC](#), [27 NY3d 379, 389, 33 N.Y.S.3d 829, 53 N.E.3d 706 \[2016\]](#)). That court also "welcome[d] [our] guidance on any other pertinent questions that [we] wish[] to address" ([Flo & Eddie, Inc.](#), [821 F3d \[****286\] \[****953\] at 272](#)). I write separately to accept that invitation.

Although the question *whether to recognize* a right of "public performance" for creators of sound recordings is for the legislature, the preliminary question *how to define* "public performance" is for this Court. In a technologically simpler time the distinction between performance and publication was easy to define. That is not true now. Presently, access to sound recordings falls along a continuum ranging from public performance to publication; it begins with AM/FM radio broadcasters (performance) and concludes with consumer purchase of compact discs or other hard copies of sound recordings (publication).

This continuum is best described in five steps:

1. AM/FM radio — sometimes **[****40]** called "terrestrial" radio. These broadcasters rely on advertising; access is free.
2. Internet "radio" operations (such as Pandora) — these broadcasters also have advertisers and are free.

3. Subscription broadcast services (such as defendant) — where consumers pay a monthly fee and are provided with commercial-free content in genres selected by the user (i.e., sports radio, 60s music, etc.). The service is available over the Internet and by satellite.

4. Interactive/"on-demand" services (such as Apple Music) — where, for a monthly subscription fee, consumers are provided access to an almost unlimited music library that is available at any time on multiple platforms (i.e., phone, iPad, computer). This service, in essence, rents the sound recording to the listener as long as the monthly fee is paid.

5. Purchase of a sound recording, either digital (i.e., through iTunes or Google Play) or hard copy (i.e., CD, vinyl, tape).

The Court's focus generally rests with the broadcasters on the continuum, and my concern specifically rests with the method of broadcasting in the fourth step of that series. To [*612] permit listeners to specifically select a sound recording for use through an "on-demand" service [****41] is to rent or lease that recording to those listeners inasmuch as they do not own it, but can instantly enjoy its use. To rent or lease a sound recording through an "on-demand" service is for the provider to substitute for the purchase of that recording. To prevent the sale of a sound recording through the "on-demand" rental or lease of it is not to perform the recording, but to publish it.

To that end, while I agree with the conclusion of my colleagues in the majority that the common law of this state does not recognize a right of public performance, I would answer the pertinent part of the certified question in the negative with this caveat: "public performance" does not include the act of allowing members of the public to receive the "on-demand" transmission of particular sound recordings specifically selected by those listeners.

Backdrop

On balance, I appreciate that the common law of this state recognizes a right of performance in works that arguably are similar to sound recordings (e.g., plays [see [Palmer v De Witt](#), 47 NY 532, 535-536, 540-541 (1872)]; films [see [17] [Brandon Films v Arjay Enters.](#), 33 Misc 2d 794, 230 N.Y.S.2d 56 (Sup Ct, New York County 1962)]; and film clips [see [Roy Exp. Co. v Columbia Broad. Sys., Inc.](#), 672 F.2d 1095, 1097-1099 (2d Cir 1982) (applying New York law)]). I also appreciate that [RCA Mfg. Co. v Whiteman](#) (114 F.2d 86 [***287] [**954] [2d Cir 1940], cert denied 311 U.S. 712, 61 S. Ct. 394, 85 L. Ed. 463 [1940]), its [****42] progeny, and the Congressional treatment of copyright law do not answer the question whether the common law of this state has recognized a right of performance in sound recordings fixed prior to February 15, 1972.

The discussion of federal copyright law in the majority opinion (see majority op at 3-9) is helpful in reviewing the state common law question now before us. As this Court noted in [Capitol Records, Inc. v Naxos of Am., Inc.](#) (4 NY3d 540, 830 N.E.2d 250, 797 N.Y.S.2d 352 [2005]), in "examining copyright law, a page of history is worth a volume of logic" (*id.* at 546 [internal citations omitted]). The evolution of the federal copyright scheme — including the recognition in 1995 of a limited performance right in recordings fixed after February 15, 1972 — has been methodical and balanced. Indeed, the federal forging of that right occurred only after significant deliberation, that is, "only after Congress [*613] heard from dozens of witnesses about the competing policy considerations, after committees produced multiple reports detailing their findings, . . . after Congress revised the proposed legislation to address each issue," and after the Register of Copyrights issued an analysis of nearly 1,000 pages "recommending a limited performance right for post-1972 recordings" (see HR Rep No 104-274 [****43] [1995]; S Rep No 104-128 [1995]).

"Terrestrial" Radio

The common law of this state evolves in a similarly measured and cautious manner (see [Campaign for Fiscal Equity, Inc. v State of New York](#), 8 NY3d 14, 28, 861 N.E.2d 50, 828 N.Y.S.2d 235 [2006]; [Norcon Power Partners v Niagara Mohawk Power Corp.](#), 92 NY2d 458, 468, 705 N.E.2d 656, 682 N.Y.S.2d 664 [1998]), and I agree with my colleagues in the majority that the question whether there is a right of public performance in sound recordings fixed prior to February 15, 1972 is best answered by the legislature. On the one hand, artists obviously have an interest in receiving compensation for the performance of sound recordings to which they have contributed from broadcasters that perform such works for a profit. Perhaps there is even a strong rationale for such compensation: the author of one of a collection of short stories undoubtedly could be entitled to a royalty with respect to the sale of that collection, and to

that end it arguably is illogical that a musician who contributes to a sound recording that was fixed prior to February 15, 1972 and that is now publicly performed by a broadcaster for profit should not be entitled to a royalty with respect to that performance.

On the other hand, there are myriad reasons for us not to make such a significant leap here. The relationship between the recording industry and the "terrestrial" radio industry was [****44] and perhaps still is a strong one inasmuch as record companies have used and continue to use free airplay (or "spins") to generate revenue from album sales, concert ticket sales, and merchandising (see [Bonnevillie Intl. Corp. v Peters](#), 347 F3d 485, 487-488 [3d Cir 2003] ["The [18] 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 [*614] paid no fees, licensing or otherwise, to the recording industry for performance of [***288] [**955] those recordings"] [footnote omitted]; see also Robert L. Hilliard & Michael C. Keith, *The Broadcast Century and Beyond* 151 [5th ed 2010] ["(t)he recording industry manufactured the popular, youth-oriented music radio wanted and needed, and the (radio medium) provided the exposure that created a market for the product. From the perspective of the recording industry, radio was the perfect promotional vehicle for showcasing its established, as well as up-and-coming, artists"]; James N. Dertouzos, *Radio Airplay and the Record Industry: An Economic Analysis* at 5 [2008] ["a significant portion of music industry sales of albums and digital [****45] tracks can be attributed to radio airplay — at a minimum 14 percent and as high as 23 percent"], available at http://www.nab.org/documents/resources/061008_Dertouzos_Ptax.pdf .).⁸

Internet and Satellite "Radio"

The analysis with respect to Internet and satellite broadcasters is closer. The economics of Internet and satellite "radio" (which comprise the second and third steps on my continuum) are not the same as those of "terrestrial" radio. Conventional radio has a partnership with the recording industry, and the economics of that medium have been predicated upon the idea that such broadcasters are not responsible for royalties to performers of sound recordings transmitted over their "air."

By contrast, Internet and satellite broadcasting (which include the transmissions in which defendant engages) are relatively new phenomena, meaning that they did not grow together or in harmony with the recording industry. That is, while "terrestrial" broadcasters have long contributed to the growth of the recording industry and its artists, digital broadcasters have [19] not given corresponding assistance to that enterprise. Perhaps Congress recognized as much in passing [*615] the Digital Performance Right in Sound Recordings Act of 1995 (*Pub L 104-39*, § 1, Nov. 1, 1995), [****46] which granted a performance right in sound recordings fixed after February 15, 1972 and required Internet "radio" broadcasters, but not "terrestrial" radio broadcasters, to license such recordings (see S Rep No 93-983, at 225-226 [capturing the view of six Senators that, "(f)or years, record companies . . . gratuitously provided records to radio stations in hope of securing exposure by repeated play over the air"]). Nevertheless, given the complex and significant nature of this performance right question, I agree with my colleagues in the majority that the legislature should determine whether to establish a right of public performance even with respect to the "new" Internet and satellite broadcasters.

Interactive/"On

Demand" Internet Broadcasters

⁸ Perhaps the federal prohibition against "payola" also illustrates this point. "Payola" refers to the practice of paying for or otherwise inducing the broadcast of a recording on a radio station without a concomitant announcement of the acceptance of consideration in exchange for that airplay (see [47 USC §§ 317, 508](#)). If "terrestrial" radio was not a promotional tool for sound recordings, then there would have been no reason for record companies and other entities interested in the sales of those recordings to have attempted to increase the number of "spins" such recordings received in the radio medium through the "payola" device.

With respect to the fourth step on my continuum, certain Internet broadcasters — such as Apple Music, Spotify's premium subscription, Rhapsody, and Amazon's Music Unlimited offering — permit users to peruse a catalog of millions of songs and to "call them up on any device, including [***289] [**956] [one's] phone, anytime [one] wants" (Peter Kafka, *Amazon Takes on Spotify with Streaming Music Services that Cost Less than \$10 a Month*, <http://www.cnn.com/2016/10/12/amazon-takes-on-spotify-with-streaming-music-services-that-cost-less-than-10-a-month.html>). One "can also download [***47] them, so [that one] can play them when . . . not connected to the internet" (*id.*). They cannot be directly converted to a hard copy. When the service ends, the user loses all access to music that has been downloaded.

In determining whether there is a common law right of public performance for recordings fixed prior to February 15, 1972, we necessarily have occasion to speak to the nature and the limits of such right. In the realm of federal copyright law, "publication" is defined as "the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease or lending" (1 *Nimmer on Copyright* § 4.03 [B], citing 17 USC § 101; cf. *Naxos*, 4 NY3d at 560 ["'publication' is a term of art that has different meanings in different contexts"]). To allow a user to regularly, specifically, and directly access an exact sound recording "on-demand" is not to facilitate the "public performance" of such recording, but to publish that work and therefore to infringe upon the right of [**616] the copyright holder to sell it (cf. *id.* at 560 ["in the realm of sound recordings, it (is) the law in this state . . . that, in the absence of federal statutory protection, the public sale of a sound recording otherwise unprotected by statutory [***48] copyright does not constitute a publication sufficient to divest the owner of common-law copyright protection"]).

One of the amici astutely notes that "[i]ncreasing numbers of consumers have turned to digital streaming services as their primary source of musical content." In fact, "[t]he move by consumers away from owning music to renting it from services like Spotify and Apple [20] Music has caught fire" (Neil Shah, *The Summer That Streaming Took Over*, Wall St J, Aug. 25, 2016, available at <http://www.wsj.com/articles/the-summer-that-streaming-took-over-1472151516>). Consumers "who pay \$10 a month for a subscription to Spotify or Apple Music listen to music for a full 27 hours a week" — "three hours more a week than those who listen for free on YouTube and Spotify's ad-supported site and more than double the amount non-streamers listen" (*id.*). The rising popularity of instant, unfettered access to catalogs that may exceed 30 million sound recordings (see Madi Alexander and Ben Sisario, *Apple Music, Spotify and a Guide to Music Streaming Services*, NY Times, Apr. 5, 2016, available at http://www.nytimes.com/interactive/2015/06/30/business/media/musicinteractive/2015/06/30/business/media/music-streaming-guide.html?_r=0) has dampened music sales: digital music track and compact disc sales have declined in direct correlation to the increase in the number of songs streamed through "on-demand" services (see Victor [***49] Luckerson, *Spotify and YouTube Are Just Killing Digital Music Sales*, Time [Jan. 3, 2014], available at <http://business.time.com/2014/01/03/spotify-and-youtube-are-just-killing-digital-music-sales/>)).

The evolution of technology should be accompanied by the evolution of the law. The "broad and flexible power of the common law" needs "to keep pace" with this new means of music consumption (*Naxos*, 4 NY3d at 555 [internal quotation marks omitted]). We must recognize that the rental or lease of sound recordings fixed prior to February 15, 1972 by Internet broadcasters who provide the public "on-demand" [***290] [**957] access to such recordings is a form of publication under copyright law.⁹

Indeed, the "on-demand" access to sound recordings offered to the public is unique in that it requires a paid subscription [**617] that connects the customer to a nearly limitless catalog of music and gives the customer the power to instantly listen to recordings specifically selected by that user without purchasing even a single one of those songs¹⁰. In essence, unlike [21] "terrestrial," Internet, and satellite radio operations, which select and play sound recordings *for all* of their listeners, "on-demand" services permit recordings to be selected and played *by each* of their users.

⁹ The point of my dissenting colleagues "that music streaming companies [do not] 'publish' music" in a traditional sense (dissenting op at 20 n 10) misses the mark. The new technology that is "on-demand" music streaming has given rise to what effectively is the new means of publication addressed herein.

¹⁰ Of course, in this scenario, the "on-demand" providers benefit from the rental of the music in their catalogs to their subscribers, but artists and the recording companies are denied the opportunity to sell their music to those listeners.

A 2011 report of the United States Copyright Office foresaw that [****50] the rise of such streaming services could lead to a fall in the sale of sound recordings (see Copyright Office, Federal Copyright Protection for Pre-1972 Sound Recordings: A Report of the Register of Copyrights 45 [2011] ["It is possible that a state court would entertain a claim for . . . common law copyright infringement (where) pre-1972 sound recordings were being made available through internet streaming, particularly if it were persuaded that the use was substituting for purchases of the plaintiff's recording"]). Yesterday's prediction has become today's reality.

While I agree with my colleagues in the majority that the question whether to recognize a right of "public performance" in sound recordings fixed prior to February 15, 1972 is best answered by the legislature, I would conclude that "public performance" does not include the act of allowing members of the public to receive the "on-demand" transmission of sound recordings specifically selected by those listeners.

Dissent by: RIVERA

Dissent

RIVERA, J.(dissenting):

On this certified question, the United States Court of Appeals for the Second Circuit asks whether New York recognizes a right of public performance in sound recordings and, if so, what [****51] is the scope of such right ([*Flo & Eddie, Inc. v Sirius XM Radio, Inc.*, 821 F3d 265, 270 \[2d Cir 2016\]](#)). Contrary to the conclusion of my colleagues, New York's broad and flexible common-law copyright protections for sound recordings encompass a public performance right that extends to the outer boundaries of current federal law, and ceases upon preemption by Congress.

I.

[*618] The Turtles are an American rock band that formed in the 1960's and signed to White Whale Records in 1965. The band had a number of hit songs — the most notable of their songs is "Happy Together," which reached the number one spot on the Billboard charts in 1967 and is considered a quintessential 1960's recording.

The band acquired the copyright to the master recordings of their albums in 1971 after they sued White Whale Records for underpayment of royalties. Thereafter, two band members bought out the others' rights to the albums and incorporated [***291] [**958] ownership of the recording's copyright under "Flo & Eddie Inc." (Flo & Eddie). Since that time, Flo & Eddie has licensed The Turtles' songs for use in movies, television and commercials, and for digital sale through music vendors like iTunes and Amazon.

Sirius XM Radio Inc. (Sirius) is a commercial radio broadcast company with over 25 million subscribers, [****52] making it one of the largest radio and internet-radio broadcast companies in the United States. Unlike traditional AM/FM radio, Sirius charges subscribers a monthly fee, ranging from \$9.99 to \$18.99 per month, to generate revenue for its music broadcasting and streaming services. Sirius offers access to a variety of music, talk shows, sports coverage, and news broadcasts through satellite and internet connections for play on personal computers and media devices. One of its main selling points is that Sirius subscribers can personalize the commercial-free music channels.

Sirius markets itself as a replacement for AM/FM radio by offering a broader reception range than terrestrial radio, available in vehicles of every major United States automobile company. Like some AM/FM channels, Sirius also features themed channels, including separate stations for period music, for example from the 1940's, 1950's, and 1960's. Yet, unlike traditional AM/FM radio with its limited reception, Sirius subscribers pay for seamless listening of various music genres, provided commercial-free, 24 hours a day, seven days a week, for the entire period their subscription is effective. Thus, without having to change [****53] channels, a subscriber can travel cross-country and enjoy uninterrupted and unlimited play of self-selected music within the Sirius coast-to-coast satellite coverage area.

Additionally, Sirius provides a "rewind" function for its radio channels, which allows subscribers to jump back **[*619]** in the broadcast up to five hours in the past and replay music that has already aired.¹

Sirius also allows subscribers to download music directly from its website, so that the subscriber can listen to a desired song from a computer or a variety of mobile media devices **[22]** at any time. Additionally, Sirius has a streaming service, which allows subscribers with internet or cellular access to stream any song in the Sirius catalog on-demand, without waiting to download a file.²

Sirius has a library of over 280,000 songs, and 42,000 of these songs were recorded prior to 1972. The pre-1972 library includes songs by The Turtles, fifteen of which have been "performed," meaning broadcast or streamed, by Sirius. At the time the Sirius executives were deposed, Sirius had never entered into a licensing agreement to broadcast any of the pre-1972 songs from its library, and did not believe it needed such an agreement. **[****54]**³

[959]** **[***292]** The business model and commercial success of Sirius and other digital music providers has dramatically and permanently changed the music industry. The primacy of terrestrial and analog radio is a thing of the past. Gone are the days when a listener's sole means of acquiring music for personal enjoyment was by obtaining a record, cassette tape, or compact disc. The fast-paced changes wrought by the "digital music era" have caused devastating impacts on the music industry. In its first iteration, peer-to-peer sharing programs allowed free access to music by illegally downloading audio files — this undercut record and compact disc sales and threatened traditional revenue streams for record companies and artists (see [A & M Records, Inc. v Napster, Inc.](#), 239 F3d 1004, 1016-17 [9th Cir 2001]; see also Tamara Kurtzman, *The Day Big Music Died*, 20 J Internet L 1, 8-9 [2016]). With the arrival of legal downloading programs that charge customers to purchase music downloads, such as iTunes, the music industry found a new source of revenue (see Recording Indus. Ass'n of Am., Year End Statistics, 1989-2007). However, that revenue has been "cannibalized" by the growing popularity of **[23]** services that allow a listener to stream **[****55]** and download music for a flat subscription rate ([78 Fed Reg 23054, 23066 \[Apr. 17, 2013\]](#) [capturing Sirius' comments to proposed rule change, in which Sirius noted that streaming services cannibalize record sales]). Throughout this evolution in the manner by which a listener accesses and enjoys music, the market for records, tapes, and compact discs from which music is communicated and perceived has continued to shrink and is likely never to rebound (see Kurtzman, *supra*, at 10). As these technological advances continue to rock the music industry, Flo & Eddie have turned to the courts and asserted their copyright interests in the performance of their songs and the profits made by Sirius from playing and facilitating digital access to The Turtles' music.

In their New York federal lawsuit, Flo & Eddie alleged, in part, that Sirius violated New York's common law right of public performance by broadcasting and streaming pre-1972 sound recordings without a license, and collecting revenue from subscribers who pay to hear the music. They successfully defended against summary judgment and found a receptive ear in the district court, which held that New York's common law recognizes a right of public performance. After the Second Circuit accepted an interlocutory **[****56]** appeal squarely presenting the issue, that court certified the following question for our consideration: "Is there a right of public performance for creators of sound recordings under New York law and, if so, what is the nature and scope of that right?" ([Flo & Eddie, Inc.](#), 821 F3d at 272).

Contrary to my colleagues, I conclude that decisional law, statutory mandates, legislative history, and the doctrinal

¹ Comparatively, traditional AM/FM radio stations, or terrestrial stations, have a broadcast range that is limited by the Federal Communications Commission (see generally [47 CFR Part 73](#)). While in range, the radio listener does not have the ability to rewind a song that has already been broadcast.

² This is similar to services offered by other music streaming providers, such as Spotify or Apple Music.

³ Since the interposition of this lawsuit, Sirius settled a separate lawsuit that requires it to pay record labels for the performance of the pre-1972 recordings in which the labels hold copyrights (U.S. Securities & Exchange Commission, Form 10-K [Feb. 2, 2016], at 12, Commission File #001-34295, Registrant: Sirius XM Holdings, Inc.). This settlement agreement essentially creates a temporary licensing scheme, as Sirius will pay royalties for any broadcast from 2013 to 2017 (*id.*). Additionally, Flo & Eddie agreed to settle its other lawsuit against Sirius, which was filed in a California federal court and is pending court approval (see [Flo & Eddie, Inc. v Sirius XM Radio Inc.](#), No. 13-CV-05693 [CD Cal 2016]).

foundations of private rights of ownership compel a determination that our common law recognizes a creator's right of public performance in sound recordings. The beneficial contours of this right and the creator's interests in receiving compensation for the labor that produced the sound recording align with society's interest in avoiding exploitation of artists and their **[*621]** creative works. This right is balanced against the goal of increasing public access to creative works, the expectations of certain sectors of the music recording industry, and the reality that Congress has placed a time limit on common law protections **[***293]** **[**960]** for pre-1972 sound recordings while providing a limited right of public performance for all sound recordings made after February 15, 1972.

I reject a parochialism that justifies turning a blind eye to **[****57]** the exploitative practices of today's music industry made possible by technological advances and that, as a consequence, excludes from our common-law copyright in sound recordings a quintessential property interest in the use of these works, and limits a creator's opportunity to derive financial benefit from their performance (maj op at 9-10; con op at 5). As this Court has previously stated, "[t]he common law is not rigid and inflexible [I]t is a living organism which grows and moves in response to the larger and fuller development of the nation" (*Oppenheim v Kridel*, 236 NY 156, 163-64, 140 N.E. 227 [1923]). Indeed, it is this Court's duty to apply New York's common-law copyright to the changing landscape of the music industry and protect the interests of creators of **[24]** sound recordings against those who profit from the fruits of others' labor, without compensating the copyright holder, and do so in a manner that jeopardizes the primary source of revenue for creative genius.

II.

As far back as 1831, federal law has provided a copyright for musical compositions (4 Stat at L 436, chap 16; see also *Bonneville Int. Corp. v Peters*, 347 F3d 485, 487 [2003]). However, federal copyright law has continually relied on common law principles and, since 1909, the federal Copyright Act has consistently expressed **[****58]** that state common law, unless preempted, may afford copyright protections for sound recordings (17 USC § 2, added by 35 US Stat 1076 [1909]; *Capitol Records, Inc. v Naxos of Am., Inc.*, 4 NY3d 540, 553, 830 N.E.2d 250, 797 N.Y.S.2d 352 [2005]). In 1971, when Congress first confirmed copyright protections for sound recordings that are fixed, meaning recorded, on or after February 15, 1972, it also left untouched any state rights with respect to sound recordings fixed before that date (Sound Recordings Act, *Pub L No 92-140*, 85 Stat 391 [1971], codified at *17 USC § 102 [a] [2]*). The United State Supreme Court has upheld the constitutionality of this dual copyright system, and recognized, **[*622]** that where Congress "has left the area unattended, [] no reason exists why the State should not be free to act" (*Goldstein v California*, 412 U.S. 546, 570, 93 S. Ct. 2303, 37 L. Ed. 2d 163 [1973]).

Congress provided a limited right of public performance in 1995, entitling copyright holders to royalties when the recording was performed, i.e. broadcast via digital audio transmission (*17 USC § 106 [6]*). Once again, Congress maintained a role for state law and declared that "[w]ith respect to sound recordings fixed before February 15, 1972, any rights or remedies under the common law or statutes of any State shall not be annulled or limited by this title until February 15, 2067" (*id.* *§ 301 [c]*). The federal law left to the states the choice both to **[****59]** recognize a copyright in sound recordings and to define the parameters of state law protections. Thus, with respect to the issues presented by the certified question, not only is the "area unattended," but Congress has specifically accounted for state copyright protections (see *id.* *§ 301 [c]*).

In response to a previous certified question from the Second Circuit, this Court clarified that our state's common law copyright protections apply to pre- **[***294]** **[**961]** 1972 sound recordings (*Naxos*, 4 NY3d at 560). As part of a comprehensive discussion of the history of United States copyright law, with its roots in English copyright, and upon a thorough review of federal legislation, the Court stated that federal copyright developed to address concerns related to "property interests in tangible intellectual products" (*id.* at 546). The Court explained that "[w]ith the dawn of the 20th century, courts throughout the country were confronted with issues regarding the application of copyright statutes, which were created with sole reference to the **[25]** written word, to new forms of communication. One of the first such challenges involved music" (*id.* at 552). Specifically, the Court identified a common law history of protection for sound recordings and held that, absent **[****60]** specific federal preemption, the common law was free to identify the moment of divestment of common law protections in audio musical works (*id.* at 552-53).

With regards to when federal copyright preempts state common law — which occurs upon "first publication" — the Court noted that for literary works, the point of divestment of common law rights historically was the moment of public

distribution of the writing ([id. at 560](#)). In the context of audio recordings, several early opinions rejected the sale of a record as "publication" for sound recordings because the copyright **[*623]** holder did not intend to relinquish control over a performance by selling a record of the musical work ([id. at 552-55](#), citing [Metro. Opera Ass'n v Wagner-Nichols Recorder Corp.](#), 199 Misc 786, 799, 101 N.Y.S.2d 483 [Sup Ct, NY County 1950]; [Waring v WDAS Broadcasting Station](#), 327 Pa 433, 459, 194 A. 631 [1937]). The Naxos Court similarly concluded that, so long as the federal law has not preempted state copyright law as regards sound recordings, our common law does not treat the broadcast of the recording as a publication that divests a copyright holder of any common law copyright: "in the realm of sound recordings, it has been the law in this state for over 50 years that, in the absence of federal statutory protection, the public sale of a sound recording otherwise unprotected by statutory copyright does not constitute a publication **[****61]** sufficient to divest the owner of common law copyright protection" ([id. at 560](#) [internal citations omitted]).

In reaching this conclusion, the Court made two significant observations. First, that "the historical distinction in the treatment of literary and musical works by Congress accounts for the lack of federal statutory copyright protection for sound recordings," and "[i]n the absence of protective legislation, Congress intended that the owner of rights to a sound recording should rely on the 'broad and flexible' power of the common law to protect those property rights after public dissemination of the work" ([id. at 555](#)). Second, that "both the judiciary and the State Legislature intended to fill [the] void" left by the federal copyright act "by protecting the owners of sound recordings in the absence of congressional action" ([id. at 559](#)). Based on this understanding of the elasticity of New York's common law in the area of copyright as grounded in our State's interest in protecting recordings not covered by federal law and the historical changes in technology impacting musical artists, the Naxos Court declared that "the common law 'has allowed the courts to keep pace with constantly **[***295]** **[**962]** changing technological and economic **[****62]** aspects so as to reach just and realistic results'" ([id. at 555](#), quoting [Metro. Opera](#), 199 Misc at 799).

Thus, until the 2067 effective date of federal preemption, our common-law copyright governs the rights and remedies available to owners of sound recordings, and a copyright holder's interests are not relinquished by the mere sale of the musical work. While the federal Copyright Act provides a copyright in a musical composition for "the notes and lyrics of **[26]** the song" and a **[*624]** copyright for "the recorded musical work performed by a specific artist" for sound recordings fixed after February 15, 1972 ([Recording Indus. Assn. of Am., Inc. v Librarian of Congress](#), 608 F.3d 861, 863, 391 U.S. App. D.C. 155 [DC Cir 2010]; 17 USC § 302 [a]), our state common-law copyright for pre-February 15, 1972 sound recordings is subject to a federally designated shelf life. The Second Circuit asks whether our common law encompasses a right of public performance, viable until the effective date of federal preemption. I believe such right is a constituent part of a creator's property interests in a sound recording.

III.

The multiple rights of ownership, use, and possession are expressed as "a bundle of sticks' — a collection of individual rights which, in certain combinations, constitute property," ([United States v Craft](#), 535 U.S. 274, 278, 122 S. Ct. 1414, 152 L. Ed. 2d 437 [2002]). "It is axiomatic, of course, that state law is the source of those strands **[****63]** that constitute a property owner's bundle of property rights" ([Nollan v California Coastal Comm'n](#), 483 U.S. 825, 857, 107 S. Ct. 3141, 97 L. Ed. 2d 677 [1987] [Brennan, J., dissenting]; see also [63C Am Jur2d Property § 1](#) [2016]).

This long-standing conceptualization of property rights applies to a copyright holder's interest in tangible and intangible intellectual products, and includes a right of public performance ([17 USC § 106 \[4\]](#); [Harper & Row Publishers, Inc. v Nation Enters.](#), 471 U.S. 539, 546, 105 S. Ct. 2218, 85 L. Ed. 2d 588 [1985] ["Section 106 of the Copyright Act confers a bundle of exclusive rights to the owner of the copyright."]; [Penguin Group \[USA\] Inc. v American Buddha](#), 16 NY3d 295, 305, 946 N.E.2d 159, 921 N.Y.S.2d 171 [2011] ["The Copyright Act gives owners of copyrighted literary works five 'exclusive rights,' which include the right of reproduction; the right to prepare derivative works; the right to distribute copies by sale, rental, lease or lending; the right to perform the work publicly; and the right to display the work publicly"]; S Rep 94-473, S Rep No 473, 94th Cong, 1st Sess 1975 ["These exclusive rights, which comprise the so-called 'bundle of rights' that is a copyright, are cumulative and may overlap in some

cases.")]".⁴

Like tangible property rights, the intangible rights subject to copyright law may be relinquished in whole or part, as the [*625] holder deems most appropriate and beneficial (see [Mills Music, Inc. v Snyder](#), 469 U.S. 153, 173-74, 105 S. Ct. 638, 83 L. Ed. 2d 556 [1985] [recognizing that the bundle of rights associated [****64] with a copyright in a literary work can be alienated]; see also S Rep 94-473, S Rep No [27] 473, 94th Cong, 1st Sess 1975)]. This basic tenet of property [***296] [**963] law is central to determining whether there is any reason to exclude a right of public performance from the bundle of rights in a sound recording.

Indeed, New York courts have recognized a right of performance in other media (see e.g. [Palmer v De Witt](#), 47 NY 532, 535-536 [1872] [plays]; [Brandon Films v Arjay Enters.](#), 33 Misc 2d 794, 230 N.Y.S.2d 56 [Sup Ct, NY County 1962] [films]; [De Mille Co. v Casey](#), 121 Misc 78, 87-88, 201 N.Y.S. 20 [Sup Ct, NY County 1923] [photoplays])⁵. There is no logical basis to distinguish between the copyright protections of those works and a sound recording. All involve creative inspiration and genius, application of artistic ability, and the development of a final product marketable to the public. The creator's interest in the sound recording is no less real or significant than with other forms by which an artist communicates a creative idea, a concept that the majority ignores in reaching its conclusion. Indeed, addressing a slightly different matter, this Court in *Naxos* recognized performance is not the same as the mode of reproduction, and stated that the copyright holder in that case "has a protected property interest in the performances embodied on the shellac records" ([Naxos](#), 4 NY3d at 564 n 11).

The right to perform a [****65] sound recording publicly, is a property interest in a specific rendition of an artistic work. This public expression of the musical composition has its own unique aesthetic quality, which, once recorded, preserves for the future the artist's contribution to the final work. Thus, the distinctiveness of the work as heard is due in part to the artist's execution of the musical composition. When an artist brings to life the notes of a song and instrumental composition, the artist's rendition is a personal representation of the musical piece. Nat King Cole's silk-voiced rendition of "Unforgettable" and "The Christmas Song," Frank Sinatra's self-assured version of "My Way," Peggy Lee's highly lyricized "Fever," Aretha Franklin's [*626] commanding "Respect," Doris Day's full-voiced "Que Sera, Sera," the Beatles harmonious "Hey Jude" and unbridled "Revolution," Billie Holiday's aching performance of "Strange Fruit," Jimi Hendrix' electric performance of "The Star-Spangled Banner," Marvin Gaye's enchanting "What's Going On," and the Turtles' "Happy Together" are but some examples of the most well known and beloved artistic renditions of musical works available to the public [28] through a tangible medium [****66]⁶. These performances — like those of lesser known and unpromoted or minimally commercially promoted artists — reflect skill and verve essential to an interpretive creative work. Most importantly, they constitute an interest in property no less consequential or worthy of legal recognition and protection than the property interest in the musical composition, for without the artist's performance there would be no sound recording⁷. Indeed, the sound recording [***297] [**964] is

⁴ In other litigation between the parties, Sirius has acknowledged the applicability of the "bundle of rights" analogy to copyright ownership, while maintaining that it does not include exclusive rights of public performance (see [Flo & Eddie, Inc. v Sirius XM Radio Inc.](#), No. CV 13-5693, 2014 U.S. Dist. LEXIS 139053, 2014 WL 4725382, at *3 [CD Cal Sept 22, 2014]).

⁵ The *Naxos* Court provided a thorough explanation of the New York courts' treatment of common law copyright issues. Though the majority attempts to recharacterize the *Naxos* treatment of this jurisprudence to reach its conclusion, I find no occasion to recast the line of cases discussed in *Naxos*.

⁶ Most of these songs are in the Sirius library, and the company advertises these recordings on its website as a means to attract customers (Sirius XM, Channel Line Up, www.siriusxm.com/channellineup/?hpid=02010023&intcmp=SXM_HP-NAV_0916_DEF_HDR_PROG_CHANNEL-LINEUP [last visited Nov. 7, 2016]).

⁷ Several amici contend that the right of performance is unnecessary because record labels hold the copyrights to most pre-1972 recordings, not the artists (see e.g. Brief of CBS Radio Inc. as Amicus Curiae in support of Appellant Sirius XM Radio Inc. at 16-18, citing Register of Copyrights, Report on Performance Rights in Sound Recordings, HR Doc No 15, 95th Cong, 2d Sess, at 824 [1978], Comments of Jack Golodner, Executive Secretary of the Council of AFL-CIO Unions for Professional Employees). Yet, the plaintiff-respondents in this very case are artists who have a copyright in the music that they expended creative energy to create. Even assuming the number of artists who would benefit from a right of performance in pre-1972 works is small, there is no reason to interpret our common law narrowly to deny them compensation for their creative work. The alternative would allow digital audio

a different product from the musical composition, i.e. the combination of music [29] notes and, in the case of songs, the lyrics. Moreover, each rendition is a version that can be made available by publicizing its performance.⁸

[*627] The law's protection for just such a property interest in a performance was recognized early on in *Metropolitan Opera*. That court held "[t]he law has also . . . protected the creative element in intellectual productions — that is, the form or sequence of expression, the new combination of colors, sounds or words presented by the production" (199 *Misc at 798*; see also *Naxos*, 4 NY3d at 555 [adopting the reasoning of *Metropolitan Opera*]).

Other jurisdictions have recognized that the creative value of a performance gives rise to a property [****67] interest in controlling the broadcast of that performance. The Supreme Court of Pennsylvania in *Waring v WDAS Broadcasting Station* (327 Pa 433, 459, 194 A. 631 [1937]) upheld an injunction barring an unauthorized radio station's broadcast of an orchestra's performance, and noted:

"[a] musical composition in itself is an incomplete work; the written page evidences only one of the creative acts which are necessary for its enjoyment; it is the performer who must consummate the work by transforming it into sound. If, in so doing, [the performer] contributes by [] interpretation something of novel intellectual or artistic value, [the performer] has undoubtedly participated in the creation of a product in which [the performer] is entitled to a right of property, which in no way overlaps or duplicates that of the author in the musical composition" (*id. at 441*).

Similarly, in *Waring v Dunlea* (26 F Supp 338, 340 [EDNC 1939]), a federal district court recognized a right of performance, explaining:

"The great singers and actors of this day give something to the composition that is particularly theirs, and to say that they could not limit its use is to deny them the right to distribute their art, as they may see fit, when they see fit. Surely, their labors and talents are entitled to the privilege of distribution, especially [****68] where, as here, the privilege is subject to definite terms and bounds" (*id.*).

Moreover, as *Metropolitan Opera* recognized, "[t]o refuse to the groups who expend time, effort money and great skill in producing these artistic performances the [***298] [**965] protection of giving them a 'property right' in the resulting artistic creation would [*628] be contrary to existing law, inequitable, and repugnant to the public interest" (*Metro. Opera*, 199 *Misc at 802*). This same appreciation for the labor and creative skill represented by a performance can also be found [30] in a report on the right of public performance issued by the federal Copyright Office⁹. In that report, the Copyright Office stated that "[p]erformers are in the professional position of being forced to compete with, and of eventually being driven out of work by, their own recorded performances" (Register of Copyrights, Report on Performance Rights in Sound Recordings, HR Doc No. 15, 95th Cong, 2d Sess, at 4 [1978]). As further explained in the report, "[i]n the history of the communications revolution, performers offer the most dramatic examples of the concept known as 'technological unemployment'" (*id.*).

Similarly, excluding the right of public performance from the creator's copyright is contrary to society's interest in protecting [****69] those whose labor has produced creative works (see *Harper & Row Publishers, Inc. v Nation Enters.*, 471 U.S. 539, 548, 105 S. Ct. 2218, 85 L. Ed. 2d 588 [1985] [explaining that an author's labor must be a protected interest when considering the fair use defense in a federal copyright claim]). Indeed, it rewards practices

broadcasters to reap the exclusive profits from performing the musical recordings by a means that diminishes potential compensation for copyright holders. This is a particularly unjust outcome given that the companies were not part of the creative process, and do little to maintain the demand for the creator's traditional revenue source — purchase of an ownership right in a reproduction of the sound recording.

⁸ Thus, the Turtles have an interest in the publication of their performance of their music, as well as the public performance of a rendition of their songs by others.

⁹ The Copyright Office is the administrative agency responsible for executing the Copyright Act and is led by the Register of Copyrights (17 USC § 701). This office has been a sub-agency of the Library of Congress since 1897 and, since that time, the Register of Copyrights has been the "principal advisor to Congress on national and international copyright matters" by providing "impartial expertise on copyright law and policy" (Library of Congress, US Copyright Office, Overview of the Copyright Office, <http://www.copyright.gov/about/> [last visited Nov. 7, 2016]).

that undermine the traditional forms of revenue that sustain artists, and indulges exploitation made possible by the type of technology described in the instant case.

Nevertheless, Sirius urges this Court to rely on [RCA Mfg. Co. v Whiteman \(114 F2d 86, 89 \[2d Cir 1940\]\)](#) as the precedent upon which to determine that no right of performance has ever existed, but such reliance is misplaced. In that case, the Second Circuit determined that common law and statutory copyright protections prevent only unauthorized reproduction of a copyrighted work (*id.*). A copyright holder lost any control over the performance of a recording once that recording was broadcast because the broadcast constituted publication, such that the copyright holder could not control the broadcast of the recording in the future (*id. at 88*). The court dismissed a [*629] complaint that sought to enjoin a radio station from broadcasting a sound recording because the copyright owner lost any right to control that performance by publishing the recording (*id. at 88*).

The Second Circuit overruled [****70] [Whiteman in Capitol Records v Mercury Records Corp. \(221 F2d 657, 663 \[2d Cir 1955\]\)](#), explaining that the *Metropolitan Opera* decision [31] clarified that the broadcast of a sound recording did not constitute publication of that recording and did not result in relinquishment of a right to control the performance of the recording (*id.*, citing [Metro. Opera, 199 Misc at 786](#)).

The *Metropolitan Opera* approach to publication comports with the modern understanding of publication. As the Court has recognized, "the public sale of a sound recording otherwise unprotected by statutory copyright does not constitute a publication [***299] [**966] sufficient to divest the owner of common-law copyright protection" ([Naxos, 4 NY3d at 560](#)). Rather, publication is the point at which a copyright holder expressly and intentionally relinquishes any future right to control any aspect of the work's future use (*id.*). In other words, publication only occurs when the copyright holder gives up all of the sticks in the bundle¹⁰. Therefore, the broadcast of a sound recording does not constitute publication in the modern sense, and this aspect of *Whiteman's* reasoning is erroneous.

Moreover, the underlying premise of *Whiteman* is inconsistent with the current understanding of what copyright entails. The federal Copyright Act recognizes a copyright holder's varied rights [****71] in property, such that the "bundle of sticks" metaphor describes a multi-faceted protection of interests (e.g. [Harper & Row, 471 U.S. at 546; 17 USC § 106 \[4\]](#)). When the Copyright Act was amended in 1976, the Senate Report for the proposed bill indicated that [Section 106](#) was a codification of the "bundle of rights," i.e. "the exclusive rights of reproduction, adaptation, publication, performance, and display" (S Rep 94-473, S Rep No 473, 94th Cong, 1st Sess 1975). At the time, Congress's inclusion of a right of performance in the statute indicated that it [*630] understood that state common law included a right of performance for other types of artistic works ([17 USC § 301 \[c\]](#)). *Whiteman's* limited characterization of what a copyright entails is no longer the accepted understanding. Moreover, limiting New York's common law to reproduction of a record ignores the reality that a performance is an integral part of a sound recording and that our common law is not static, but rather allows for development of appropriate responses to technological advances ([Woods v Lancet, 303 NY 349, 354, 102 N.E.2d 691 \[1951\]](#) ["[I]t [32] is the duty of the court to bring the law into accordance with present day standards of wisdom and justice rather than with some outworn and antiquated rule of the past."]).

To be sure, copyright in a sound recording [****72] has a peculiar history because it was made possible by technological advances that distinguish it from copyright in the written word, and, as discussed, initially sound recordings were not protected by federal copyright law (see [Naxos, 4 NY3d at 552](#)). When Congress amended the federal Copyright Act in 1972 to include post-1972 sound recordings, it explicitly withheld a right of performance from sound recording copyright holders (see [17 USC §§ 106 \[4\], 114 \[a\]](#)). At the time, Congress understood that state common law included a right of performance, for otherwise this express reservation would be unnecessary (*id.* [§ 301 \[c\]](#)).

My colleagues' grounds for excluding the right of public performance from New York's common law copyright in sound

¹⁰ I disagree with the concurrence to the extent my colleague espouses the view that music streaming companies "publish" music (con op at 9). A basic tenet of copyright law is that the right of publication is solely the right of the owner and occurs only when the copyright holder "relinquishes" further rights in the work by "some unequivocal act indicating an intent to dedicate it to the public" ([Palmer, 47 NY at 543](#)). This definition of "publication" is not in dispute here (see [17 USC § 101; Naxos, 4 NY3d at 557](#)).

recordings are unpersuasive. The first reason is that no such right has previously been recognized in New York (maj op at 25). However, as I have discussed, a generic right of public performance as part of a copyright holder's "bundle of rights" **[***300]** **[**967]** is well-established in decisional law and property doctrine. The fact that until now there has been no detailed explication on the right of public performance in sound recordings from this Court does not inexorably lead to the conclusion that no such right exists. **[****73]** Of course, since no New York state court has rejected the right of public performance, there is also no basis to exclude such right from the copyright holder's protections. Regardless, the United States Supreme Court has warned against placing significance on the delayed assertions of copyright protections. "It is hardly incumbent on copyright owners . . . to challenge each and every actionable infringement. And there is nothing untoward about waiting to see whether an infringer's exploitation undercuts the value of the **[*631]** copyrighted work, has no effect on the original work, or even complements it" (*Petrella v Metro-Goldwyn-Mayer, Inc.*, 134 S Ct 1962, 1976, 188 L. Ed. 2d 979 [2014]; see also *District of Columbia v Heller*, 554 U.S. 570, 625, 128 S. Ct. 2783, 171 L. Ed. 2d 637 [2008]).

The fact that the issue is now presented for our consideration reflects the realities of the music industry and the impact of technological advances on industry and customer practices, rather than consensus on the nonexistence of a common law right of public performance. This leads to my colleagues' second reason for excluding the right of performance from the interests of creators of sound recordings, namely their conclusion that music industry members historically understood that there is no right of performance (maj op at 26-27). However, the fact that some in the music industry **[****74]** argued for a federal right does not disclaim the existence of a common law right. Rather, the majority's reference to a four decade "inaction" is a red herring — the music industry has changed drastically since 1971 and 1995, as the ways in which fans enjoyed music are dramatically different than the digital delivery technology at issue here. The attendant consequences of this sea change for the industry and individual artists' is well documented, providing the basis for the inference that this change in circumstances **[33]** prompted copyright holders to invoke their rights. Further, if, as claimed, everyone in the music industry understood that no right of performance existed, there would be no reason for Congress to legislate on the assumption that state common law protects the right of performance and no need to set a 2067 date for federal preemption of such right ([17 USC § 301 \[c\]](#)).

The last reason my colleagues assert for denying the right is perhaps the most unsupportable because it is grounded in the perception that it is too difficult to define the scope of such a right (maj op at 29-30). Whether a right exists is a question separate from the expanse of the right, and the considerations regarding **[****75]** how best to protect the right as against competing interests and societal goals, serve as no excuse for removing this "stick" from a copyright holder's bundle of rights. Our common law does not bow to the challenges brought about by change. Rather, "[o]ur court said, long ago, that it had not only the right but the duty to re-examine a question where justice demands it" (*Woods*, 303 NY at 354). The law, and the equities as they stand today, support recognition of a creator's right of public performance in a sound recording.

IV.

[*632] Turning to the scope of the right of public performance under New York law, my guiding principle is that the right of public performance addresses the imbalance **[***301]** **[**968]** of financial incentives and revenue streams. The commercial gain in digital transmissions that is charged directly to the customer reduces the customer's incentive to purchase a copy of the sound recording in some other format that might garner financial gain to the copyright holder — for example where the performer is also the composer or holds other copyright interests. To this extent I am in agreement with my concurring colleague (con op at 7-8). A common law right of public performance protects against technologies that reap **[****76]** financial gains from musical works and that jeopardize prior revenue streams of copyright holders, while also allowing the copyright holder to share in the profits. Moreover, the Court has long recognized its power to develop the common law when the legislature has failed to act but justice demands a change. (see *Woods*, 303 NY at 354).

The analysis is informed by this Court's acknowledgment that "state common-law copyright protection is no longer perpetual for sound recordings not covered by the federal act (those fixed before February 15, 1972), because the federal act mandates that any state common-law rights will cease on February 15, 2067" (*Naxos*, 4 NY3d at 560). For sound recordings fixed after February 15, 1972, federal law provides payment to copyright holders in sound recordings when broadcast via an interactive service (e.g. Spotify or Sirius' streaming service), a radio station that requires a subscription (e.g. Sirius or Pandora), or certain other methods of re-broadcasting a licensed broadcast ([17](#)

[USC § 114](#)).

Before enactment of the federal law, Congress was made acutely aware of the urgency of establishing protections against the impact of digital broadcasting. In its 1991 report, the Copyright Office declared that:

"Thirteen [****77] years have passed since the Copyright Office formally recommended to the Congress the enactment of a public performance right in sound recordings. Technological changes have occurred that facilitate transmission of sound recordings to huge audiences. Satellite and digital technologies make possible the celestial jukebox, music on demand, and pay-per-listen services. Sound [*633] recording authors and proprietors are harmed by the lack of a performance right in their works" (Register of Copyright, Report on Copyright Implications of Digital Audio Transmission Services, at 154-55 [October 1991]).

Those same interests and concerns inform the proper boundaries of the public performance right for recordings that are fixed pre-February 15, 1972 and protected only by our common law.

Given our state's long history of protecting rights in creative works (see [Metro. Opera, 199 Misc at 786](#); [Naxos, 4 NY3d at 560](#); former Penal Law § 441-c [L 1966, ch 988]) and recognizing that the federal law currently anticipates full preemption in 2067, our common law right of public performance in pre-1972 sound recordings best serves both the creator and the public interest in access to those recordings by tracking the federal public performance right in post-1972 musical works.

Our common law is, of course, a creature of the state, recognized and expanded by our courts. It is independent of federal [****78] law and not limited by what may be national concerns addressed by federal legislation. However, the fact that federal law exists is important, especially in an area where Congress has specifically chosen to [***302] [**969] preempt state common law rights in the future. The fact that a New York common law right of public performance may serve state interests by drawing upon federal law does not ignore the primacy of our common law or diminish its status. Indeed, consideration of the current system of compensation under federal copyright law provides a much needed understanding of the impact of a common law right of public performance on the music industry, and the mechanics of protecting that right. Further extending to pre-February 15, 1972 sound recordings protection that is at least equivalent to the federal right recognized in the post-1972 works allows us to treat both classes of sound recordings equally and avoids enhanced rights for one based not on a considered reason but on an arbitrary date.

Notably, applying protections and limitations to define the right of performance that has been in place under federal law for over 20 years builds on an established framework, and one that is familiar [****79] to music industry stakeholders. Just as the industry adapted to paying royalties for the performance of sound recordings made after February 15, 1972, it will do the same under our common law for pre-1972 recordings, this time [*634] with the experience and wisdom of having done so under the federal law. Sirius is particularly well placed to address claims for compensation since it [34] has settled with other record labels to temporarily pay licensing fees for its broadcast of pre-1972 recordings.¹¹

Limiting the common law right of public performance in sound recordings by exempting traditional AM/FM radio stations' analog broadcasts, recognizes the benefits to copyright holders from the airing of musical works through terrestrial radio. The broadcasts popularized the music played on the "airwaves" and incentivized purchase of the recordings (e.g. [Bonnevillie, 347 F3d at 487-488](#) [discussing the symbiotic relationship between the recording industry and AM/FM radio stations]). There is no reason to extend protections against a performance medium that has increased revenue and — unlike digital performances — poses no financial threat to copyright holders¹². Similarly,

¹¹ The existence of Sirius' settlement agreements are relevant only to the extent that they demonstrate Sirius is no stranger to dealing with the performance right at issue — clearly, Sirius is able both to negotiate and enter into licensing agreements with those who hold a copyright in sound recording. Yet, the majority misconstrues my reference to these settlements (maj op at 33 n 8). The fact that the other settlement arose out of a claim under a California statute is of no import, as Sirius' *ability* to deal with performance rights is agnostic of the source of law that created the right.

¹² The exemption would have limited adverse impact on the creator's interest because analog radio performance is of little

exclusions [***303] [**970] for individual use — as compared to [35] for-profit [****80] wholesale performance by Sirius and other digital music delivery entities — benefit the copyright holder without affecting the bottom line.

V.

[*635] For the reasons I have explained, I would answer the certified question in the affirmative and define the scope of New York's common-law copyright protections as coterminous with current federal law. Recognizing this right and defining its limits in this way is in line with "the ever-evolving dictates of justice and fairness, which are the heart of our common-law tradition" ([*Buckley v City of NY*, 56 NY2d 300, 305, 437 N.E.2d 1088, 452 N.Y.S.2d 331 \[1982\]](#)).

* * * *

Following certification of a question by the United States Court of Appeals for the Second Circuit and acceptance of the question by this Court pursuant to section 500.27 of this Court's Rules of Practice, and after hearing argument by counsel for the parties and consideration of the briefs and record submitted, the certified question answered in the negative. Opinion by Judge Stein. Judges Pigott, Fahey and Garcia concur, Judge Fahey in a separate concurring opinion. Judge Rivera dissents in an opinion in which Judge Abdus-Salaam concurs. Chief [****81] Judge DiFiore took no part.

Decided December 20, 2016

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relevance in today's digital music world, particularly on record sales (see Kurtzman, *supra*, at 7). It is true that terrestrial radio stations have maintained listenership during the surge of both satellite and web-based radio (Nancy Vogt, Pew Research Ctr. for Journalism & Media, *Audio: Fact Sheet* [June 15, 2016], <http://www.journalism.org/2016/06/15/audio-fact-sheet/>). However, the major radio broadcast companies are facing crippling debt, a problem that is not expected to be fixed anytime soon (Steve Knopper, *Is Terrestrial Radio Facing Its Judgment Day with Fierce Digital Competition?*, *Billboard*, May 19, 2016, www.billboard.com/articles/business/7378152/terrestrial-radio-digital-competition-iheartradio-cumulus). Moreover, though Americans continue to tune into terrestrial radio stations, this has done little to improve the well-documented plummet in sales of sound recordings in any form (Ben Sisario & Karl Russell, *In Shift to Streaming, Music Business Has Lost Billions*, *NY Times*, March 24, 2016, B1). As these statistics indicate, terrestrial radio has been pushed to the margins to the extent that the "symbiotic relationship" between the recording industry and broadcast companies has weakened.

Fourth Estate Pub. Ben. Corp. v. Wall-Street.com, LLC

Supreme Court of the United States

January 8, 2019, Argued; March 4, 2019, Decided

No. 17-571.

Reporter

139 S. Ct. 881 *; 203 L. Ed. 2d 147 **; 2019 U.S. LEXIS 1730 ***; 129 U.S.P.Q.2D (BNA) 1453 ****; Copy. L. Rep. (CCH) P31,421; 2019 Media L. Rep. 391; 27 Fla. L. Weekly Fed. S 686; 2019 WL 1005829

Prior History: [***1] ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT

Disposition: Affirmed.

Syllabus

[*884] Petitioner Fourth Estate Public Benefit Corporation (Fourth Estate), a news organization, licensed works to respondent Wall-Street.com, LLC (Wall-Street), a news website. Fourth Estate sued Wall-Street and its owner for copyright infringement of news articles that Wall-Street failed to remove from its website after canceling the parties' license agreement. Fourth Estate had filed applications to register the articles with the Copyright Office, but the Register of Copyrights had not acted on those applications. [Title 17 U. S. C. §411\(a\)](#) states that “no civil action for infringement of the copyright in any United States work shall be instituted until . . . registration of the copyright claim has been made in accordance with this title.” The District Court dismissed the complaint, and the Eleventh Circuit affirmed, holding that “registration . . . has [not] been made” under [§411\(a\)](#) until the Copyright Office registers a copyright.

Held: Registration occurs, and a copyright claimant may commence an infringement suit, when the Copyright Office registers a copyright. Upon registration of the copyright, however, a copyright [***2] owner can recover [***151] for infringement that occurred both before and after registration. [Pp. ____ - ____, 203 L. Ed. 2d, at 153-159.](#)

(a) Under the [Copyright Act of 1976](#), as amended, a copyright author gains “exclusive rights” in her work immediately upon the work’s creation. [17 U. S. C. §106](#). A copyright owner may institute a civil [*885] action for infringement of those exclusive rights, [§501\(b\)](#), but generally only after complying with [§411\(a\)](#)’s requirement that “registration . . . has been made.” Registration is thus akin to an administrative exhaustion requirement that the owner must satisfy before suing to enforce ownership rights. [P. ____, 203 L. Ed. 2d, at 153.](#)

(b) In limited circumstances, copyright owners may file an infringement suit before undertaking registration. For example, a copyright owner who is preparing to distribute a work of a type vulnerable to predistribution infringement--e.g., a movie or musical composition--may apply to the Copyright Office for preregistration. [§408\(f\)\(2\)](#). A copyright owner may also sue for infringement of a live broadcast before “registration . . . has been made.” [§411\(c\)](#). Outside of statutory exceptions not applicable here, however, [§411\(a\)](#) bars a copyright owner from suing for infringement until “registration . . . has been made.” Fourth Estate advances the “application [***3] approach” to this provision, arguing that registration occurs when a copyright owner submits a proper application for registration. Wall-Street advocates the “registration approach,” urging that registration occurs only when the Copyright Office grants registration of a copyright. The registration approach reflects the only satisfactory reading of [§411\(a\)](#)’s text. [Pp. ____ - ____, 203 L. Ed. 2d, at 153-159.](#)

(1) Read together, [§411\(a\)](#)’s first two sentences focus on action by the Copyright Office--namely, its registration or

refusal to register a copyright claim. If application alone sufficed to “ma[ke]” registration, [§411\(a\)](#)’s second sentence--which permits a copyright claimant to file suit when the Register has refused her application--would be superfluous. Similarly, [§411\(a\)](#)’s third sentence--which allows the Register to “become a party to the action with respect to the issue of registrability of the copyright claim”--would be negated if an infringement suit could be filed and resolved before the Register acted on an application. The registration approach reading of [§411\(a\)](#) is supported by other provisions of the [Copyright Act](#). In particular, [§410](#) confirms that application is discrete from, and precedes, registration, while [§408\(f\)](#)’s preregistration option would have **[***4]** little utility if a completed application sufficed to make registration. [Pp. ____ - ____, 203 L. Ed. 2d, at 154-159.](#)

(2) Fourth Estate primarily contends that the [Copyright Act](#) uses the phrases “make registration” and “registration has been made” to describe submissions by the copyright owner. Fourth Estate therefore insists that [§411\(a\)](#)’s requirement that “registration . . . has been made in accordance with this title” most likely refers to a copyright owner’s compliance with statutory requirements for registration applications. Fourth Estate points to other [Copyright Act](#) provisions that appear to use the phrase “make registration” or one of its variants to describe what a copyright claimant does. Fourth Estate acknowledges, **[**152]** however, that determining how the [Copyright Act](#) uses the word “registration” in a particular provision requires examining the “specific context” in which the term is used. The “specific context” of [§411\(a\)](#) permits only one sensible reading: The phrase “registration . . . has been made” refers to the Copyright Office’s act granting registration, not to the copyright claimant’s request for registration.

Fourth Estate’s contrary reading stems in part from its misapprehension of the significance of certain 1976 revisions **[***5]** to the [Copyright Act](#). But in enacting [§411\(a\)](#), Congress both reaffirmed the general rule that registration must precede an infringement suit and added an exception in that provision’s second sentence to cover instances in which registration is refused. That exception would have **[*886]** no work to do if Congress intended the 1976 revisions to clarify that a copyright claimant may sue immediately upon applying for registration. Noteworthy, too, in years following the 1976 revisions, Congress resisted efforts to eliminate [§411\(a\)](#), which contains the registration requirement.

Fourth Estate also argues that, because “registration is not a condition of copyright protection,” [§408\(a\)](#), [§411\(a\)](#) should not bar a copyright claimant from enforcing that protection in court once she has applied for registration. But the [Copyright Act](#) safeguards copyright owners by vesting them with exclusive rights upon creation of their works and prohibiting infringement from that point forward. To recover for such infringement, copyright owners must simply apply for registration and await the Register’s decision. Further, Congress has authorized preregistration infringement suits with respect to works vulnerable to predistribution infringement, and **[***6]** Fourth Estate’s fear that a copyright owner might lose the ability to enforce her rights entirely is overstated. True, registration processing times have increased from one to two weeks in 1956 to many months today. Delays, in large part, are the result of Copyright Office staffing and budgetary shortages that Congress can alleviate, but courts cannot cure. Unfortunate as the current administrative lag may be, that factor does not allow this Court to revise [§411\(a\)](#)’s congressionally composed text. [Pp. ____ - ____, 203 L. Ed. 2d, at 156-159.](#)

[856 F. 3d 1338](#), affirmed.

Counsel: Aaron M. Panner argued the cause for petitioner.

Peter K. Stris argued the cause for respondents.

Jonathan Y. Ellis argued the cause for the United States, as amicus curiae, by special leave of court.

Judges: Ginsburg, J., delivered the opinion for a unanimous Court.

Opinion

[***1455] Justice **Ginsburg** delivered the opinion of the Court.

Impelling prompt registration of copyright claims, [17 U. S. C. §411\(a\)](#) states that “no civil action for infringement of the copyright in any United States work shall be instituted until . . . registration of the copyright claim has been made in accordance with this title.” The question this case presents: Has “registration . . . been made in accordance with [Title 17]” as soon as the claimant delivers the required application, copies of the work, and fee to the Copyright Office; or has “registration . . . been made” only after the Copyright Office reviews and registers the copyright? [***7] We hold, in accord with the United States Court of Appeals for the [**153] Eleventh Circuit, that [HN1](#)[↑] [LEdHN1](#)[↑] [1] registration occurs, and a copyright claimant may commence an infringement suit, when the Copyright Office registers a copyright. Upon registration of the copyright, however, a copyright owner can recover [*887] for infringement that occurred both before and after registration.

Petitioner Fourth Estate Public Benefit Corporation (Fourth Estate) is a news organization producing online journalism. Fourth Estate licensed journalism works to respondent Wall-Street.com, LLC (Wall-Street), a news website. The license agreement required Wall-Street to remove from its website all content produced by Fourth Estate before canceling the agreement. Wall-Street canceled, but continued to display articles produced by Fourth Estate. Fourth Estate sued Wall-Street and its owner, Jerrold Burden, for copyright infringement. The complaint alleged that Fourth Estate had filed “applications to register [the] articles [licensed to Wall-Street] with the Register of Copyrights.” App. to Pet. for Cert. 18a. ¹ Because the Register had not yet acted on Fourth Estate’s applications, ² the District Court, on Wall-Street and Burden’s [***8] motion, dismissed the complaint, and the Eleventh Circuit affirmed. [856 F. 3d 1338 \(2017\)](#). Thereafter, the Register of Copyrights refused registration of the articles Wall-Street had allegedly infringed. ³

We granted Fourth Estate’s petition for certiorari to resolve a division among U. S. Courts of Appeals on when registration occurs in accordance with [§411\(a\)](#). 585 U. S. ___, 138 S. Ct. 2707, 201 L. Ed. 2d 1095 (2018). Compare, e.g., [856 F. 3d, at 1341](#) (case below) (registration has been made under [§411\(a\)](#) when the Register of Copyrights registers a copyright), with, e.g., [Cosmetic Ideas, Inc. v. IAC/Interactivecorp](#), 606 F. 3d 612, 621 (CA9 2010) (registration has been made under [§411\(a\)](#) when the copyright claimant’s “complete application” for registration is received by the Copyright Office).

[***1456] I



[HN2](#)[↑] [LEdHN2](#)[↑] [2] Under the [Copyright Act of 1976](#), as amended, copyright protection attaches to “original works of authorship”—prominent among them, literary, musical, and dramatic works—“fixed in any tangible medium



¹ The Register of Copyrights is the “director of the Copyright Office of the Library of Congress” and is appointed by the Librarian of Congress. [17 U. S. C. §701\(a\)](#). The [Copyright Act](#) delegates to the Register “[a]ll administrative functions and duties under [Title 17].” *Ibid*.

² Consideration of Fourth Estate’s filings was initially delayed because the check Fourth Estate sent in payment of the filing fee was rejected by Fourth Estate’s bank as uncollectible. App. to Brief for United States as *Amicus Curiae* 1a.

³ The merits of the Copyright Office’s decision refusing registration are not at issue in this Court.

of expression.” [17 U. S. C. §102\(a\)](#). An author gains “exclusive rights” in her work immediately upon the work’s creation, including rights of reproduction, distribution, and display. See [§106](#); [Eldred v. Ashcroft](#), [537 U. S. 186, 195, 123 S. Ct. 769, 154 L. Ed. 2d 683 \(2003\)](#) (“[F]ederal copyright protection . . . run[s] from the work’s creation.”). The [Copyright Act](#) entitles a copyright owner to institute a civil action for infringement of those exclusive rights. [§501\(b\)](#).



[HN3](#)  [LEdHN3](#)  [3] Before [\[***9\]](#) pursuing an infringement [\[**154\]](#) claim in court, however, a copyright claimant generally must comply with [§411\(a\)](#)’s requirement that “registration of the copyright claim has been made.” [§411\(a\)](#). Therefore, although an owner’s rights exist apart from registration, see [§408\(a\)](#), registration is akin to an administrative exhaustion requirement that the owner must satisfy before suing to enforce ownership rights, see Tr. of Oral Arg. 35.

[HN4](#)  [LEdHN4](#)  [4] [\[*888\]](#) In limited circumstances, copyright owners may file an infringement suit before undertaking registration. If a copyright owner is preparing to distribute a work of a type vulnerable to predistribution infringement—notably, a movie or musical composition—the owner may apply for preregistration. [§408\(f\)\(2\)](#); [37 CFR §202.16\(b\)\(1\) \(2018\)](#). The Copyright Office will “conduct a limited review” of the application and notify the claimant “[u]pon completion of the preregistration.” [§202.16\(c\)\(7\)](#), [\(c\)\(10\)](#). Once “preregistration . . . has been made,” the copyright claimant may institute a suit for infringement. [17 U. S. C. §411\(a\)](#). Preregistration, however, serves only as “a preliminary step prior to a full registration.” [Preregistration of Certain Unpublished Copyright Claims](#), [70 Fed. Reg. 42286 \(2005\)](#). An infringement suit brought in reliance on preregistration risks dismissal unless the copyright owner applies for registration promptly after [\[***10\]](#) the preregistered work’s publication or infringement. [§408\(f\)\(3\)-\(4\)](#). A copyright owner may also sue for infringement of a live broadcast before “registration . . . has been made,” but faces dismissal of her suit if she fails to “make registration for the work” within three months of its first transmission. [§411\(c\)](#). Even in these exceptional scenarios, then, the copyright owner must eventually pursue registration in order to maintain a suit for infringement.

II

All parties agree that, outside of statutory exceptions not applicable here, [§411\(a\)](#) bars a copyright owner from suing for infringement until “registration . . . has been made.” Fourth Estate and Wall-Street dispute, however, whether “registration . . . has been made” under [§411\(a\)](#) when a copyright owner submits the application, materials, and fee required for registration, or only when the Copyright Office grants registration. Fourth Estate advances the former view—the “application approach”—while Wall-Street urges the latter reading—the “registration approach.” The registration approach, we conclude, reflects the only satisfactory reading of [§411\(a\)](#)’s text. We therefore reject Fourth Estate’s application approach.

A

[HN5](#)  [LEdHN5](#)  [5] Under [§411\(a\)](#), “registration . . . has been made,” and a copyright [\[***11\]](#) owner may sue for infringement, when the Copyright Office registers a copyright. ⁴ [Section 411\(a\)](#)’s first sentence provides that no civil infringement action “shall be instituted until preregistration or registration of the copyright claim has been made.” The [\[***155\]](#) section’s next sentence sets out an exception to this rule: When the required “deposit, application, and fee . . . have been delivered to the Copyright Office in proper form and registration has been refused,” the claimant “[may] institute a civil action, if notice thereof . . . is served on the Register.” Read together, [§411\(a\)](#)’s opening sentences focus not on the claimant’s act of applying for registration, but on action by the Copyright Office—namely, its registration [\[*889\]](#) or refusal to register a copyright claim.

[\[****1457\]](#) If application alone sufficed to “ma[ke]” registration, [§411\(a\)](#)’s second sentence—allowing suit upon refusal of registration—would be superfluous. What utility would that allowance have if a copyright claimant could sue

⁴ [Section 411\(a\)](#) provides, in principal part: “[N]o civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute a civil action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights. The Register may, at his or her option, become a party to the action with respect to the issue of registrability of the copyright claim”

for infringement immediately after applying for registration without awaiting the Register's decision on her application? Proponents of the application approach urge that [§411\(a\)](#)'s second sentence serves merely to require a copyright claimant [***12] to serve "notice [of an infringement suit] . . . on the Register." See Brief for Petitioner 29-32. This reading, however, requires the implausible assumption that Congress gave "registration" different meanings in consecutive, related sentences within a single statutory provision. In [§411\(a\)](#)'s first sentence, "registration" would mean the claimant's act of filing an application, while in the section's second sentence, "registration" would entail the Register's review of an application. We resist this improbable construction. See, e.g., [Mid-Con Freight Systems, Inc. v. Michigan Pub. Serv. Comm'n](#), 545 U. S. 440, 448, 125 S. Ct. 2427, 162 L. Ed. 2d 418 (2005) (declining to read "the same words" in consecutive sentences as "refer[ring] to something totally different").

[HN6](#) [↑] [LEdHN6](#) [↑] [6] The third and final sentence of [§411\(a\)](#) further persuades us that the provision requires action by the Register before a copyright claimant may sue for infringement. The sentence allows the Register to "become a party to the action with respect to the issue of registrability of the copyright claim." This allowance would be negated, and the court conducting an infringement suit would lack the benefit of the Register's assessment, if an infringement suit could be filed and resolved before the Register [***13] acted on an application.

Other provisions of the [Copyright Act](#) support our reading of "registration," as used in [§411\(a\)](#), to mean action by the Register. [HN7](#) [↑] [LEdHN7](#) [↑] [7] [Section 410](#) states that, "after examination," if the Register determines that "the material deposited constitutes copyrightable subject matter" and "other legal and formal requirements . . . [are] met, the Register shall register the claim and issue to the applicant a certificate of registration." [§410\(a\)](#). But if the Register determines that the deposited material "does not constitute copyrightable subject matter or that the claim is invalid for any other reason, the Register shall refuse registration." [§410\(b\)](#). [Section 410](#) thus confirms that application is discrete from, and precedes, registration. [Section 410\(d\)](#), furthermore, provides that if the Copyright Office registers a claim, or if a court later determines that a refused claim was registrable, [***156] the "effective date of [the work's] copyright registration is the day on which" the copyright owner made a proper submission to the Copyright Office. There would be no need thus to specify the "effective date of a copyright registration" if submission of the required materials qualified as "registration."

[Section 408\(f\)](#)'s preregistration option, too, would [***14] have little utility if a completed application constituted registration. Preregistration, as noted [supra](#), at ____ - ____, 203 L. Ed. 2d, at 153-154, allows the author of a work vulnerable to predistribution infringement to enforce her exclusive rights in court before obtaining registration or refusal thereof. A copyright owner who fears prepublication infringement would have no reason to apply for preregistration, however, if she could instead simply complete an application for registration and immediately commence an infringement suit. Cf. [TRW Inc. v. Andrews](#), 534 U. S. 19, 29, 122 S. Ct. 441, 151 L. Ed. 2d 339 (2001) (rejecting an interpretation that "would in practical effect render [***890] [a provision] superfluous in all but the most unusual circumstances").

B

Challenging the Eleventh Circuit's judgment, Fourth Estate primarily contends that the [Copyright Act](#) uses "the phrase 'make registration' and its passive-voice counterpart 'registration has been made'" to describe submissions by the copyright owner, rather than Copyright Office responses to those submissions. Brief for Petitioner 21. [Section 411\(a\)](#)'s requirement that "registration . . . has been made in accordance with this title," Fourth Estate insists, most likely refers to a copyright owner's compliance with the statutory specifications for registration applications. [***15] In support, Fourth Estate points to [Copyright Act](#) provisions that appear to use the phrase "make registration" or one of its variants to describe what a copyright claimant does. See *id.*, at 22-26 (citing [17 U. S. C. §§110, 205\(c\), 408\(c\)\(3\), 411\(c\), 412\(2\)](#)). Furthermore, Fourth Estate urges that its reading reflects the reality that, eventually, the vast majority of applications are granted. See Brief for Petitioner 41.

Fourth Estate acknowledges, however, that the [Copyright Act](#) sometimes uses "registration" to refer to activity by the Copyright Office, not activity undertaken by a copyright [****1458] claimant. See *id.*, at 27-28 (citing [17 U. S. C. §708\(a\)](#)). Fourth Estate thus agrees that, to determine how the statute uses the word "registration" in a particular prescription, one must "look to the specific context" in which the term is used. Brief for Petitioner 29. As explained [supra](#), at ____ - ____, 203 L. Ed. 2d, at 154-156, the "specific context" of [§411\(a\)](#) permits only one sensible reading: The phrase "registration . . . has been made" refers to the Copyright Office's act granting registration, not to the

copyright claimant's request for registration.

Fourth Estate's contrary reading of [§411\(a\)](#) stems in part from its misapprehension of the significance of certain 1976 revisions to the [Copyright Act](#). Before that year, [§411\(a\)](#)'s precursor provided [***16] that "[n]o action or proceeding shall be maintained for infringement of copyright in any work until the provisions of this title with respect to the deposit of copies and [**157] registration of such work shall have been complied with." 17 U. S. C. §13 (1970 ed.). Fourth Estate urges that this provision posed the very question we resolve today—namely, whether a claimant's application alone effects registration. The Second Circuit addressed that question, Fourth Estate observes, in [Vacheron & Constantin-Le Coultre Watches, Inc. v. Benrus Watch Co.](#), 260 F. 2d 637 (1958). Brief for Petitioner 32-34. In that case, in an opinion by Judge Learned Hand, the court held that a copyright owner who completed an application could not sue for infringement immediately upon the Copyright Office's refusal to register. [Vacheron](#), 260 F.2d at 640-641. Instead, the owner first had to obtain a registration certificate by bringing a mandamus action against the Register. The Second Circuit dissenter would have treated the owner's application as sufficient to permit commencement of an action for infringement. [Id.](#), at 645.

Fourth Estate sees Congress' 1976 revision of the registration requirement as an endorsement of the [Vacheron](#) dissenter's position. Brief for Petitioner 34-36. We disagree. The changes made in 1976 instead indicate Congress' agreement with [***17] Judge Hand that it is the Register's action that triggers a copyright owner's entitlement to sue. [H.N.8](#) [↑] [LEdHN](#) [8] [↑] [8] In enacting [17 U. S. C. §411\(a\)](#), Congress both reaffirmed the general rule that registration must precede an infringement suit, and added an [**891] exception in that provision's second sentence to cover instances in which registration is refused. See H. R. Rep. No. 94-1476, p. 157 (1976). That exception would have no work to do if, as Fourth Estate urges, Congress intended the 1976 revisions to clarify that a copyright claimant may sue immediately upon applying for registration. A copyright claimant would need no statutory authorization to sue after refusal of her application if she could institute suit as soon as she has filed the application.

Noteworthy, too, in years following the 1976 revisions, Congress resisted efforts to eliminate [§411\(a\)](#) and the registration requirement embedded in it. In 1988, Congress removed foreign works from [§411\(a\)](#)'s dominion in order to comply with the Berne Convention for the Protection of Literary and Artistic Works' bar on copyright formalities for such works. See §9(b)(1), 102 Stat. 2859. Despite proposals to repeal [§411\(a\)](#)'s registration requirement entirely, however, see S. Rep. No. 100-352, p. 36 (1988), Congress maintained [***18] the requirement for domestic works, see [§411\(a\)](#). Subsequently, in 1993, Congress considered, but declined to adopt, a proposal to allow suit immediately upon submission of a registration application. See H. R. Rep. No. 103-338, p. 4 (1993). And in 2005, Congress made a preregistration option available for works vulnerable to predistribution infringement. See Artists' Rights and Theft Prevention Act of 2005, §104, 119 Stat. 221. See also [supra](#), at _____, 203 L. Ed. 2d, at 153-154. Congress chose that course in face of calls to eliminate registration in cases of predistribution infringement. [70 Fed. Reg. 42286](#). Time and again, then, Congress has maintained registration as prerequisite to suit, and rejected proposals that would have eliminated registration or tied it to [**158] the copyright claimant's application instead of the Register's action.⁵

Fourth Estate additionally argues that, as "registration is not a condition of copyright protection," [17 U. S. C. §408\(a\)](#), [§411\(a\)](#) should not be read to bar a copyright claimant from enforcing that protection in court once [****1459] she has submitted a proper application for registration. Brief for Petitioner 37. But as explained [supra](#), at _____, 203 L. Ed. 2d, at 153, the [Copyright Act](#) safeguards copyright owners, irrespective of registration, by vesting them with exclusive rights upon creation of [***19] their works and prohibiting infringement from that point forward. If infringement occurs before a copyright owner applies for registration, that owner may eventually recover damages for the past infringement, as well as the infringer's profits. [§504](#). She must simply apply for registration and receive the Copyright Office's decision on her application before instituting suit. Once the Register grants or refuses registration, the copyright owner may also seek an injunction barring the infringer from continued violation of her exclusive rights and an order requiring the infringer to destroy infringing materials. [§§502](#), [503\(b\)](#).

⁵ Fourth Estate asserts that, if a copyright owner encounters a lengthy delay in the Copyright Office, she may be forced to file a mandamus action to compel the Register to rule on her application, the very problem exposed in [Vacheron & Constantin-Le Coultre Watches Inc. v. Benrus Watch Co.](#), 260 F. 2d 637 (CA2 1958), see [supra](#), at _____, 203 L. Ed. 2d, at 156. But Congress' answer to [Vacheron](#), codified in [§411\(a\)](#)'s second sentence, was to permit an infringement suit upon refusal of registration, not to eliminate Copyright Office action as the trigger for an infringement suit.

Fourth Estate maintains, however, that if infringement occurs while the Copyright Office is reviewing a registration application, the registration approach will deprive the owner of her rights during the waiting period. Brief for Petitioner 41. [*892] See also 1 P. Goldstein, Copyright §3.15, p. 3:154.2 (3d ed. 2018 Supp.) (finding application approach “the better rule”); 2 M. Nimmer & D. [Nimmer, Copyright §7.16\[B\]\[3\]\[a\], \[b\]\[ii\]](#) (2018) (infringement suit is conditioned on application, while prima facie presumption of validity depends on certificate of registration). The [Copyright Act’s](#) explicit carveouts from [§411\(a\)](#)’s general [***20] registration rule, however, show that Congress adverted to this concern. In the preregistration option, [§408\(f\)](#), Congress provided that owners of works especially susceptible to prepublication infringement should be allowed to institute suit before the Register has granted or refused registration. See [§411\(a\)](#). Congress made the same determination as to live broadcasts. [§411\(c\)](#); see [supra, at](#) [____](#), 203 L. Ed. 2d, at 154.⁶ As to all other works, however, [§411\(a\)](#)’s general rule requires owners to await action by the Register before filing suit for infringement.

Fourth Estate raises the specter that a copyright owner may lose the ability to enforce her rights if the [Copyright Act’s](#) three-year statute of limitations runs out before the Copyright Office acts on her application for [**159] registration. Brief for Petitioner 41. Fourth Estate’s fear is overstated, as the average processing time for registration applications is currently seven months, leaving ample time to sue after the Register’s decision, even for infringement that began before submission of an application. See U. S. Copyright Office, Registration Processing Times (Oct. 2, 2018) (Registration Processing Times), <https://www.copyright.gov/registration/docs/processing-times-faqs.pdf> [***21] (as last visited Mar. 1, 2019).

True, the statutory scheme has not worked as Congress likely envisioned. Registration processing times have increased from one or two weeks in 1956 to many months today. See GAO, Improving Productivity in Copyright Registration 3 (GAO-AFMD-83-13 1982); Registration Processing Times. Delays in Copyright Office processing of applications, it appears, are attributable, in large measure, to staffing and budgetary shortages that Congress can alleviate, but courts cannot cure. See 5 W. Patry, Copyright §17:83 (2019). Unfortunate as the current administrative lag may be, that factor does not allow us to revise [§411\(a\)](#)’s congressionally composed text.

For the reasons stated, we conclude that [HN9](#)[↑] [LEdHN9](#)[↑] [9] “registration . . . has been made” within the meaning of [17 U. S. C. §411\(a\)](#) not when an application for registration is filed, but when the Register has registered a copyright after examining a properly filed application. The judgment of the Court of Appeals for the Eleventh Circuit is accordingly

Affirmed.

References

[17 U.S.C.S. § 411\(a\)](#)

⁶ Further, in addition to the Act’s provisions for preregistration suit, the Copyright Office allows copyright claimants to seek expedited processing of a claim for an additional \$800 fee. See U. S. Copyright Office, Special Handling: Circular No. 10, pp. 1-2 (2017). The Copyright Office grants requests for special handling in situations involving, *inter alia*, “[p]ending or prospective litigation,” and “make[s] every attempt to examine the application . . . within five working days.” Compendium of U. S. Copyright Practices §623.2, 623.4 (3d ed. 2017).

3 [Nimmer on Copyright § 12.08](#) (Matthew Bender)

L Ed Digest, Copyright and Literary Property §§13, 19, 22

L Ed Index, Copyright and Literary Property

Supreme Court's views as to when books or other written or printed materials [***22] are copyrightable under federal law. [113 L. Ed. 2d 771](#).

Supreme Court's views as to what constitutes copyright infringement. [78 L. Ed. 2d 957](#).

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[Gray v. Perry](#)

United States District Court for the Central District of California

March 16, 2020, Decided; March 16, 2020, Filed

Case No. 2:15-CV-05642-CAS-JCx

Reporter

2020 U.S. Dist. LEXIS 46313 *; Copy. L. Rep. (CCH) P31,611

GRAY; ET AL. v. PERRY; ET AL.

Subsequent History: Appeal dismissed by, Motion granted by [Gray v. Hudson, 2020 U.S. App. LEXIS 13378 \(9th Cir. Cal., Apr. 24, 2020\)](#)

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Judges: CHRISTINA A. SNYDER.

Opinion by: CHRISTINA A. SNYDER

Opinion

***AMENDED**

CIVIL MINUTES — GENERAL

Proceedings: DEFENDANTS' RENEWED MOTION FOR JUDGMENT AS A MATTER OF LAW, OR ALTERNATIVELY FOR A NEW TRIAL (ECF No. 483, filed October 9, 2019; ECF No. 435, filed July 25, 2019; and ECF No. 459, filed 31,

PLAINTIFFS' MOTION FOR AN AWARD OF PREJUDGMENT INTEREST (ECF No. 488, filed October 10, 2019)

I. INTRODUCTION & BACKGROUND

This copyright infringement action concerns the allegation that an 8-note ostinato¹ from defendants' song "**Dark Horse**" infringes upon the plaintiffs' copyright in the musical composition of the 8-note ostinato in their song "Joyful Noise." Following a jury trial, the jury found for the plaintiffs, awarded damages, and the Court entered judgment. Now before the Court [***3**] are defendants' renewed motions for judgment as a matter of law, or in the alternative for a new trial, as well as plaintiffs' motion for prejudgment interest on its damages award.

Plaintiffs Marcus Gray (P.K.A. Flame), Emanuel Lambert, and Chike Ojukwu filed the operative third amended complaint on November 1, 2016, naming defendants Katheryn Elizabeth Hudson (P.K.A. **Katy Perry**), Jordan Houston (P.K.A. Juicy J), Lukasz Gottwald (P.K.A. Dr. Luke), Sarah Theresa Hudson, Karl Martin Sandberg (P.K.A. Max Martin), Henry Russell Walter (P.K.A. Cirkut), Kasz Money Inc., Capitol Records LLC, Kitty Puny Inc., UMG Recordings Inc., Universal Music Group Inc., WB Music Corp., BMG Rights Management (US) LLC, and Kobalt Music Publishing America, Inc. See ECF No. 172 ("TAC"). In substance, plaintiffs claim that the instrumental beat of the ostinato in "Joyful Noise" is protectable original expression, and that the defendants had access to and copied that protectable original expression when they composed an allegedly infringing ostinato for their song "**Dark Horse**."

The Court held a jury trial from July 17, 2019, through August 1, 2019. The jury entered verdicts finding defendants [***4**] liable to plaintiffs for copyright infringement, and awarding plaintiffs \$2.8 million in damages. The Court entered judgment in favor of plaintiffs on September 11, 2019. See ECF No. 473. Defendants filed the instant renewed motions for judgment as a matter of law, or in the alternative for a new trial, on October 9, 2019. See ECF No. 485 ("JMOL"). Plaintiffs filed an opposition on November 20, 2019. See ECF No. 499 ("JMOL Opp."). Defendants filed a reply on December 27, 2019. ECF No. 508 ("JMOL Reply"). In addition to these submissions from the parties, a group of musicologists submitted an amicus brief in support of defendants' motion for renewed judgment as a matter of law, or in the alternative a new trial, on January 9, 2020. See ECF No. 514 ("Am. Br.").

Plaintiffs, meanwhile, filed a motion for an award of prejudgment interest on October 10, 2019. See ECF No. 488 ("MPJI"). Defendant **Katy Perry** filed an opposition on November 20, 2019. See ECF No. 498 ("Perry MPH Opp."). Perry also joined in the opposition filed by the balance of the defendants, which was filed on the same day. See ECF No. 499 ("MPJI Opp."). Plaintiffs filed a reply on December 27, 2019. See ECF No. 505 ("MPJI [***5**] Reply").

Having reviewed the trial record, the parties' submissions, and the submissions from amici, the Court finds and concludes as follows.

II. LEGAL STANDARDS

¹ An ostinato is a short musical phrase or rhythmic pattern repeated in a musical composition. See "Ostinato," Encyclopaedia Britannica (15th ed. 2013).

A. Judgment as a Matter of Law

Judgment as a matter of law is appropriate when "a party has been fully heard on an issue during a jury trial and the court finds that a reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue[.]" [Fed. R. Civ. P. 50\(a\)\(1\)](#); see also [Reeves v. Sanderson Plumbing Products, Inc.](#), 530 U.S. 133, 149, 120 S. Ct. 2097, 147 L. Ed. 2d 105 (2000). If the court does not grant a motion for judgment as a matter of law pursuant to [Rule 50\(a\)](#), a party may file a renewed motion for judgment as a matter of law after the trial. See [Fed. R. Civ. P. 50\(b\)](#). It is well-settled that the standard for judgment as a matter of law is the same as the standard for summary judgment. [Reeves](#), 530 U.S. at 150 (citing [Anderson v. Liberty Lobby, Inc.](#), 477 U.S. 242, 250-52, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986)). The prior denial of summary judgment does not preclude a district court from later granting judgment as a matter of law pursuant to [Rule 50](#) because the latter tests the sufficiency of the evidence actually presented at trial. See [Lies v. Farrell Lines, Inc.](#), 641 F.2d 765, 772 (9th Cir. 1981) (explaining that, after trial, a court may have "a better basis on which to determine the existence of material issues," including that there was never a true issue of fact at all).

Judgment as a matter of law is accordingly [*6] appropriate where "there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." [Fed. R. Civ. P. 56\(a\)](#). The moving party bears the initial burden of identifying relevant portions of the trial record that demonstrate the absence of a fact or facts necessary for one or more essential elements of each claim upon which the moving party seeks judgment. See [Celotex Corp. v. Catrett](#), 477 U.S. 317, 323, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986).

If the moving party meets its initial burden, the opposing party must then set out specific facts on which a reasonable jury could have relied in order to reach the verdict that the motion challenges. [Anderson](#), 477 U.S. at 250. In light of the facts presented by the nonmoving party, along with any undisputed facts, the Court must then decide whether the moving party is entitled to judgment as a matter of law. See [T.W. Elec. Serv., Inc. v. Pac. Elec. Contractors Ass'n](#), 809 F.2d 626, 631 n. 3 (9th Cir. 1987). The Court must "view the trial evidence in the light most favorable to the non-moving party, and if conflicting inferences may be drawn from the facts presented at trial, the case must go to the jury." [Reed v. Lieurance](#), 863 F.3d 1196, 1204 (9th Cir. 2017) (internal marks and citations omitted).

In entertaining a motion for judgment as a matter of law, the court should review all of the evidence in the record. [Reeves](#), 530 U.S. at 150. In so doing, however, the Court must draw all reasonable inferences [*7] in favor of the nonmoving party, and it may not make credibility determinations or weigh the evidence. *Id.* (citations omitted). "Credibility determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge." [Anderson](#), 477 U.S. at 255. Thus, although the Court should review the record as a whole, it must disregard all evidence favorable to the moving party that the jury is not required to believe. [Reeves](#), 530 U.S. at 151 (citing 9B C. Wright & A. Miller, [Federal Practice and Procedure](#), § 2529 (3d ed. 2019)). In other words, the Court should give credence to the evidence favoring the nonmovant as well as that "evidence supporting the moving party that is uncontradicted and unimpeached, at least to the extent that that evidence comes from disinterested witnesses." [Reeves](#), 530 U.S. at 151 (citing Wright & Miller, *supra*, § 2529).

B. Motion for a New Trial

A court may grant a new trial if the jury's verdict is against the clear weight of the evidence. [Landes Const. Co., Inc. v. Royal Bank of Can.](#), 833 F.2d 1365, 1371 (9th Cir. 1987). In considering such a [Federal Rule of Civil Procedure 59](#) motion, unlike a motion for judgment as a matter of law, the court may "weigh the evidence and assess the credibility of witnesses, and need not view the evidence from the perspective most favorable to the prevailing party." *Id.* at 1371-72 (citing 11 C. Wright [*8] & A. Miller, [Federal Practice and Procedure](#), § 2806, at 48-49 (1973) ("If, having given full respect to the jury's findings, the judge on the entire evidence is left with the definite and firm conviction that a mistake has been committed, it is to be expected that he will grant a new trial.")).

Additionally, if the Court "determines that the damages award is excessive, it . . . may grant defendant's motion for a

new trial or deny the motion conditional upon the prevailing party accepting a remittitur." [*Fenner v. Dependable Trucking Co.*, 716 F.2d 598, 603 \(9th Cir. 1983\)](#). The district court may grant a new trial even though substantial evidence supports the jury's verdict. See [*Oltz v. St. Peter's Comm. Hosp.*, 861 F.2d 1440, 1452 \(9th Cir. 1988\)](#).

C. Prejudgment Interest

"Prejudgment interest is available under the Copyright Act" in the discretion of the district court in situations of "undisputed copyright infringement" to "discourage needless delay and compensate the copyright holder for the first time it is deprived of lost profits or license fees." [*Polar Bear Productions, Inc. v. Timex Corp.*, 384 F.3d 700, 716 & n. 12, 718 \(9th Cir. 2004\)](#). Unlike claims for prejudgment interest that arise under many state laws, "federal law does not require the denial of prejudgment interest just because [a] claim was not 'liquidated.'" [*Golden State Transit Corp. v. City of Los Angeles*, 773 F. Supp. 204, 212 \(C.D. Cal. 1991\)](#). "Federal courts clearly have the latitude to award prejudgment interest [*9] in cases arising under the patent, copyright, antitrust laws, and tax laws" where the "claims are . . . not liquidated." *Id.*

In "vigorously contested" cases, however, a district court may properly decline to impose prejudgment interest. [*Societe Civile Succession Guino v. Renoir*, 305 F. App'x 334, 339 \(9th Cir. 2008\)](#) (denying prejudgment interest because infringement was not "undisputed"). If prejudgment interest is granted, it should be awarded as "an element of compensation, [and] not [as] a penalty." [*Oracle USA, Inc. v. Rimini St., Inc.*, 879 F.3d 948, 964 \(9th Cir. 2018\)](#) (quoting [*Barnard v. Theobald*, 721 F.3d 1069, 1078 \(9th Cir. 2013\)](#)).

III. JUDGMENT AS A MATTER OF LAW, OR FOR A NEW TRIAL

To prove copyright infringement, a plaintiff must establish (1) "ownership of a valid copyright," and (2) "copying of constituent elements of the work that are original." [*Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S. Ct. 1282, 113 L. Ed. 2d 358 \(1991\)](#).

The sole issue at trial concerned the second element: whether defendants' "Ostinato 2" in "[*Dark Horse*](#)" infringed upon plaintiffs' ostinato in "Joyful Noise" by copying constituent elements of plaintiffs' ostinato that are original. See ECF No. 486 ("Trial Tr.") at 1349:24-1350-3. This kind of copying can be proven either (a) with direct evidence that the defendant actually copied the work, or (b) by showing that the defendant (i) had access to the work and (ii) that the works are "substantially similar." [*L.A. Printex Indus., Inc. v. Aeropostale, Inc.*, 676 F.3d 841, 846 \(9th Cir. 2012\)](#). The plaintiffs only assert copying [*10] pursuant to the latter method of proof substantial similarity and access. See Trial Tr. at 1163:21-1164-20.

Substantial similarity is determined by "a two-part test of extrinsic similarity and intrinsic similarity." [*Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 485 \(9th Cir. 2000\)](#). The extrinsic test raises a question of law that "may often be decided as a matter of law" by the court. See [*Benay v. Warner Bros. Entm't*, 607 F.3d 620, 624 \(9th Cir. 2010\)](#); e.g., [*Morrill v. Stefani*, 338 F. Supp. 3d 1051, 1058 \(C.D. Cal. 2018\)](#) ("A plaintiff who cannot satisfy the extrinsic test necessarily cannot prevail on a copyright claim as a matter of law.") (citing [*Funky Films, Inc. v. Time Warner Entm't Co., L.P.*, 462 F.3d 1072, 1077 \(9th Cir. 2006\)](#)). The extrinsic test "requires that the plaintiff identify concrete elements based on objective criteria" that the works are similar. [*Three Boys Music*, 212 F.3d at 485](#). There are two steps to the analysis: the Court (1) identifies the protected elements of the plaintiff's work, and then (2) determines whether the protected elements are objectively similar to the corresponding elements of the allegedly infringing work. See [*Malibu Textiles, Inc. v. Label Lane Int'l, Inc.*, 922 F.3d 946, 952-53 \(9th Cir. 2019\)](#). A collection of otherwise unprotected elements may be found eligible for copyright protection under the extrinsic test, but "only if those elements are numerous enough and their selection and arrangement original enough that their combination constitutes an original work of authorship." [*Satava v. Lowry*, 323 F.3d 805, 811 \(9th Cir. 2003\)](#). For a plaintiff that seeks to apply this theory of [*11] protection to "works where there is a narrow range of available creative choices, the defendant's work would necessarily have to be 'virtually identical' to the plaintiff's work in order to be substantially similar." [*Skidmore v. Led Zeppelin, No. 16-56057*, 2020 U.S. App. LEXIS 7585, *41 \(9th Cir. March 9, 2020\)](#) (en banc) (citing [*Satava*, 323 F.3d at 811](#) and adding that the Ninth Circuit has "at times described this result as the work having a 'thin' copyright"). Infringement claims involving a combination of individually unprotected musical elements are subject to this analysis.

Id.² Only after "the extrinsic test is satisfied" does a "factfinder"—in this case, the jury—reach and "appl[y] the intrinsic test." [Malibu Textiles, 922 F.3d at 952-53](#). This test raises a question of fact that "asks 'whether the ordinary, reasonable person would find the total concept and feel of the works to be substantially similar.'" Id. (quoting [Pasillas v. McDonald's Corp., 927 F.2d 440, 442 \(9th Cir. 1991\)](#) (internal quotations omitted)).

A plaintiff that proves substantial similarity must still prove access. "Proof of access requires an opportunity to view or to copy plaintiff's work." [Loomis v. Cornish, 836 F.3d 991, 995 \(9th Cir. 2016\)](#) (citation [*12] omitted). "To prove access, a plaintiff must show a reasonable possibility, not merely a bare possibility, that an alleged infringer had the chance to view the protected work." [Art Attacks Ink, LLC v. MGA Entm't Inc., 581 F.3d 1138, 1143 \(9th Cir. 2009\)](#); see also 4 [Nimmer on Copyright § 13.02\[A\]](#) (2019) (stating same). "Where there is no direct evidence of access, circumstantial evidence can be used to prove access either by (1) establishing a chain of events linking the plaintiff's work and the defendant's access, or (2) showing that the plaintiff's work has been widely disseminated." Id. Plaintiffs argue only the latter "circumstantial" type of access. See Trial Tr. at 1164:7-14.

Defendants move for judgment as a matter of law at every step of this copying analysis. See JMOL at 15-40. In addition, defendants contend that they are entitled to judgment as a matter of law on a series of other defenses and damages issues. Id. at 40-50. At a minimum, defendants argue that the Court should exercise its discretion to weigh the evidence and order a new trial pursuant to [Federal Rule of Civil Procedure 59](#). Id. at 50-59. The Court addresses each of these arguments in turn.

A. Copying

Plaintiffs' theory of copying requires them to prove substantial similarity and access. [Aeropostale, 676 F.3d at 846](#).

² Plaintiffs argue that [Williams v. Gaye, 895 F.3d 1106 \(9th Cir. 2018\)](#), foreclosed the application of the "virtually identical" standard to musical copyright cases. See Opp. at 5-6. Although the Court had accepted this argument in its summary judgment order, see ECF No. 299 ("MSJ Order") at 10 n.6, the Court later reconsidered this ruling and instructed the jury to apply the "virtually identical" standard if it found only thin protection. See Jury Instruction No. 34 ("[W]hen a work embodies only the minimum level of creativity necessary for copyright, it is said to have 'thin' copyright protection. A thin copyright only protects against virtually identical copying."). No party objected to this instruction. See Trial Tr. at 1095:1-3 ("THE COURT: I'm going to leave the thin copyright protection language in. But does that take care of this? MR. MOVIT: Your Honor, we were unclear whether Your Honor has ruled on [a different instruction, a conversation about which followed]."). In view of the en banc opinion in [Led Zeppelin](#), cited above, the Court concludes that this instruction correctly states the applicable law. See [Led Zeppelin, No. 16-56057, slip op. at 48 n. 13, 2020 U.S. App. LEXIS 7585](#); see also [2020 U.S. App. LEXIS 7585 \[slip op\] at 54-56](#) (Watford, J., concurring) (distinguishing [Williams](#) on this basis, opining that the works at issue would need to be 'virtually identical' to be substantially similar, and finding no infringement as a matter of law pursuant to that test).

Other factors corroborate this conclusion. First, in [Swirsky v. Carey, 376 F.3d 841 \(9th Cir. 2004\)](#)—a musical composition copyright case—the Ninth Circuit held that "substantial similarity can be found in a combination of elements, even if those elements are individually unprotected." Id. at 848 (citing [Satava, 323 F.3d at 811](#) and [Apple Computer, Inc. v. Microsoft Corp., 35 F.3d 1435, 1445 \(9th Cir. 1994\)](#)). [Satava](#) and [Apple Computer](#) announced the Ninth Circuit's thin copyright doctrine and concomitant 'virtually identical' standard. By citing those cases in a musical composition case, the [Swirsky](#) court indicated that the standard applies in the musical context.

Second, while [Williams](#) elaborated on a limitation of the [Swirsky](#) holding, it did not expressly overrule it. The [Williams](#) court extensively relied on [Swirsky](#) to hold that "the Gayes' copyright is not limited to only thin copyright protection, and the Gayes need not prove virtual identity to substantiate their infringement action." [Williams, 895 F.3d at 1120](#). But "the Gayes' copyright" at issue concerned the elements comprising the *entire musical composition* for the song "Got To Give It Up," not a specific phrase of that composition. The [Williams](#) court explained that its holding was based on the undisputed fact that all music is "comprised of a large array of elements, some combination of which is protectable by copyright," and that a broader rule—one that reduced all music to a combination unprotectable elements subject only to thin protection might prevent any musical compositions from receiving the full benefit of the copyright law. See id. at 1120 (quoting [Swirsky, 376 F.3d at 849](#)). If anything, [Williams](#) stands for the proposition that the "thin" copyright protection doctrine, as applied to musical compositions, ordinarily will not apply to musical works as a whole. See [Led Zeppelin, No. 16-56057, slip op. at 54-56, 2020 U.S. App. LEXIS 7585](#) (Watford, J., concurring) (suggesting that interpretation). To the extent that proposition even survives the en banc decision in [Led Zeppelin](#), that rule, as explained below, would have no application to this case.

Defendants argue that plaintiffs failed to present evidence that a reasonable jury could have relied [*13] upon to find either. See JMOL at 15-40

1. Substantial Similarity

First, defendants argue that plaintiffs failed to establish substantial similarity. They advance arguments under both the extrinsic test, which presents questions of law to be resolved by the Court, as well as the intrinsic test, which presents a question of fact that here requires the Court to determine whether the jury's verdict was supported by sufficient evidence. Williams, 895 F.3d at 1119 (citing Benay, 607 F.3d at 624); see also Reeves, 530 U.S. at 150.

a. Extrinsic Test

The extrinsic test requires the Court to determine whether any elements of the ostinato in "Joyful Noise" are protected and objectively similar to corresponding and allegedly infringing elements of "Dark Horse." See Smith v. Jackson, 84 F.3d 1213, 1218 (9th Cir. 1996) (explaining in a case involving a musical composition copyright that the "extrinsic test asks whether two works share a similarity of ideas and expression based on external, objective criteria"). This test is critical because "copyright law does not forbid all copying," only the "illicit copying" of protected works. Rentmeester v. Nike, Inc., 883 F.3d 1111, 1117 (9th Cir. 2018) (affirming dismissal of copyright claim as a matter of law). If plaintiffs cannot satisfy the extrinsic test, for any reason, the inquiry ends and defendants will be entitled to judgment as a matter of law. [*14] Stefani, 338 F. Supp. 3d at 1058.

The initial query is whether any elements of the ostinato in "Joyful Noise" are individually protected, and if not, whether the unprotectable elements that make up the ostinato, taken in combination, are nevertheless entitled to copyright protection. Swirsky v. Carey, 376 F.3d 841, 848 (9th Cir. 2004) (citing Satava, 323 F.3d at 811-12).

i. Individually Protectable Elements

Although there is generally a low bar for originality in copyright, see Swirsky, 376 F.3d at 851, given the "limited number of notes and chords available to composers," and because "common themes frequently reappear in various compositions," Gaste v. Kaiserman, 863 F.2d 1061, 1068 (2d Cir. 1988) (citation omitted), many if not most of the elements that appear in popular music are not individually protectable. See 1 Nimmer on Copyright § 2.05 (2019) ("In the field of popular songs, many, if not most, compositions bear some similarity to prior songs."). Music, perhaps more than any other work of art, "borrows, and must necessarily borrow, and use much which was well known and used before." Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 575, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994) (quoting Emerson v. Davies, 8 F. Cas. 615, 619, F. Cas. No. 4436 (C.C.D. Mass. 1845) (Story, J.)). For this reason, courts in musical copyright cases have a significant obligation to strike a "balance between the First Amendment and the Copyright Act"—to "encourage[] others to build freely upon the ideas and information conveyed by a work," and at the same time motivate creative activity, Feist [*15] Publications, 499 U.S. at 349-50—by carefully limiting the scope of copyright protection to truly original expression only. Bikram's Yoga Coll. of India, L.P. v. Evolation Yoga, LLC, 803 F.3d 1032, 1037 (9th Cir. 2015) (internal citation omitted).

Musical elements that are "common or trite"—such as the "use of a long-short-long rhythm," "chord progressions," certain "tempos," a "recurring vocal phrase," repeating "hook phrases," the alternating "emphasis of strong and weak beats," "syncopation," the use of "tritones," or the use of "basic musical devices in different manners," Stefani, 338 F. Supp. 3d at 1060 (citing cases)—are, accordingly, not protectable. Jackson, 84 F.3d at 1216 n.3; see also Swirsky, 376 F.3d at 850 (stating that "when certain commonplace expressions are indispensable and naturally associated with the treatment of a given idea, those expressions are treated like ideas and therefore not protected by copyright"). Nor are other elements "ubiquitous in popular music" like "rhythms," "glissando[s]," "chants," "the use of horns," or "jingling or pulsing synthesizer element[s]" entitled to protection. See Batiste v. Najm, 28 F. Supp. 3d 595, 615-623 (E.D. La. 2014) (cited in Stefani and collecting cases) (finding that these elements are "common in nearly all pop genres," and concluding that these and related elements of the plaintiffs' pop music compositions were 'unoriginal

and, thus, unprotectable" as a matter of law). "These building [*16] blocks belong in the public domain and cannot be exclusively appropriated by any particular author." [Led Zeppelin, No. 16-56057, 2020 U.S. App. LEXIS 7585 at *38](#) (holding that "commonplace elements that are firmly rooted in [a] genre's tradition" are not copyrightable as a matter of law, and concluding that the jury was properly instructed that "descending chromatic scales, arpeggios[,] or [a] short sequence of three notes" are "common musical elements") (citing [Williams, 895 F.3d at 1140-41](#) (Nguyen, J., dissenting)).

At trial, plaintiffs presented the expert testimony of musicologist Dr. Todd Decker that there are "five or six" protectable elements in the "Joyful Noise" ostinato, which defendants allegedly copied:

"The length of the ostinato is similar, eight notes. The rhythm of the ostinato is similar. The melodic content, the scale degrees present. The melodic shape so the—the way the melody moves through musical space. Similar, the timbre or the quality and color of the sound is similar, and the use of the—the placement of this material, this ostinato, in the musical space of the recording in the mix, that is also similar. So that's five or six points of similarity between the two ostinatos."

See Trial Tr. at 445:17-446:3 (brackets added).

[*17] In their opposition papers, plaintiffs claim that these "five or six" elements are actually nine separate elements: "(1) a melody built in the minor mode; (2) a phrase length of eight notes; (3) a pitch sequence beginning with '3, 3, 3, 3, 2, 2'; (4) a similar resolution to both phrases; (5) a rhythm of eighth notes; (6) a square and even rhythm; (7) the structural use of the phrase as an ostinato; (8) the timbre of the instrumentation; and (9) the notably empty and sparse texture of the compositions." See JMOL Opp. at 8. Amici musicologists, meanwhile, contend that Dr. Decker's testimony at most identifies five allegedly protected elements: "(i) A pitch sequence of scale degrees 3-3-3-3-2-2; (ii) The temporal spacing of the notes (i.e., rhythm); (iii) Timbre (in the form of a 'pingy' synthesizer sound); (iv) A purported phrase length of eight notes; and (v) The 'placement' of the ostinato in the sound recording's mix." See Am. Br. at 4 (citing Trial Tr. at 445:17-446:3). Defendants' opening brief addresses the elements that Dr. Decker set forth in the passage cited above, but also, in its reply, addresses the nine elements that the plaintiffs set forth in their opposition. See, e.g., JMOL Reply at 16-18. In fact, Defendants argue that, whether these elements are five, six, or nine in number, none of them individually can be accorded copyright protection as a matter of law. Id.

The Court agrees that the uncontroverted evidence points to only one conclusion: that none of these individual elements are independently protectable. It is plaintiffs' burden to establish the protected elements of their allegedly infringed work. See 3 [Nimmer on Copyright § 12.11](#) (2019) ("Obviously, the plaintiff bears the burden of proof on the prima facie case, and the defendant bears the burden as to defenses.").³ Dr. Decker did not provide testimony that each of the elements he identified are individually original.⁴ To the contrary, he testified that "[n]o one single . . . element" caused him to determine that the works contained protected features that were substantially similar. Trial Tr. [*18] at 524:4. "Any single one of those [elements] would not have been enough," he conceded, "[i]t's the combination of them" that supported his conclusion. Id. at 524:16-17.

³ Although possession of a Certificate of Registration with the U.S. Copyright Office can, on some issues, shift the burden to the defendant to establish the non-protectable elements, see [Swirsky, 376 F.3d at 851](#); 3 [Nimmer on Copyright § 12.11\[B\]\[1\]](#) (2019), it is well-settled in this circuit that "[t]he presumption of originality created by a Certificate of Registration is not relevant to the district court's scenes a faire determination"—i.e., the winnowing out of unprotected commonplace elements—that takes places as part of the "copying inquiry." [Jackson, 84 F.3d at 1219](#). The certificate "only creates a rebuttable presumption of originality applicable to a defendant's attack on the *validity* of a plaintiff's copyright." Id. (emphasis original). It remains a copyright plaintiff's burden to establish which elements of its work are protected. See also [Feist, 499 U.S. at 348](#) ("The mere fact that a work is copyrighted does not mean that every element of the work may be protected. . . . [C]opyright protection may extend only to those components of a work that are original to the author.")

⁴ The excerpts of Dr. Decker's testimony discussed on pages 9-12 of the plaintiffs' opposition do not establish protectability in any of the identified elements, either. See JMOL Opp. at 9-12. These excerpts either address how individual elements are allegedly similar between the two ostinatos, or else how individual elements in the two ostinatos are distinct from certain identified works of prior art. The excerpted portions of his testimony does not put forward evidence, and certainly not sufficient evidence, that each of the identified musical elements warrant copyright protection by themselves.

Plaintiffs contend that, notwithstanding what Dr. Decker said, he did not expressly concede "that each individual element was unremarkable or commonplace." JMOL Opp. at 8. The clear—indeed, only—implication of Dr. Decker's testimony is that, if the two ostinatos are similar at all, it is reasonable only as a result of the arrangement of elements within those ostinatos, not any similarities between the individual elements themselves (which "would not have been enough"). Plaintiffs' burden to present evidence that establishes the protectability of each individual element is not met when their own expert provides testimony that assumes the opposite.

Further, Dr. Decker conceded, in substance, that several of the allegedly original individual elements of the plaintiffs' ostinato are not original: (1) with respect to the phrase length of eight notes, Dr. Decker testified that it is "characteristic for a phrase like this [ostinato] to last for eight beats," Trial Tr. at 448:3-9; (2) with respect to the beginning **[*19]** pitch sequence of "3, 3, 3, 3, 2, 2," Dr. Decker testified that a repeating scale degree of "3" that later resolves is a technique used for "building up tension that wants to be released" and that, when such tension is released in a song with "strong beat" like "Joyful Noise" it is "released to 2," *id.* at 451:22-24;⁵ (3) with respect to the way the "Joyful Noise" ostinato resolves from 3 to 2 to 1, Dr. Decker testified that "scale degrees have tendencies" in popular music such that, to make a pleasant consonant sound, "3 wants to go down to 2" and "2 desperately wants to go to 1" because "1 is our home note," which indicates that the way the ostinato resolves is not so much original as it is necessary, *id.* at 443:24-444:14, 450:18-22; (4) with respect to the "Joyful Noise" ostinato's "square and even rhythm," Dr. Decker testified that this is a "relatively simple rhythmic choice" and agreed that "no composer [is] entitled to monopolize the rhythm of eight even quarter notes," *id.* at 507:12-23;⁶ (5) with respect to the ostinato's pingy synthesized timbre, Dr. Decker testified that it is essentially common since it would be "very difficult to monopolize," *id.* at 517:3-5; and (6) with respect **[*20]** to the deployment of these phrases as an ostinato (as opposed to some other musical device), Dr. Decker testified that ostinatos are commonly-used musical devices in "countless" musical compositions, *id.* at 506:14-507:7.

In fact, the nine individual elements that plaintiffs identify in their opposition (*see* JMOL Opp. at 8) are precisely the kinds of commonplace elements that courts have routinely denied copyright protection, at least standing alone, as a matter of law:

- First, the key or scale in which a melody is composed is not protectable as a matter of law. *See, e.g., Tisi v. Patrick*, 97 F. Supp. 2d 539, 548-49 (S.D.N.Y. 2000) (concluding that "the key of A major" is a "non-protectible musical element[]" that is "not copyrightable as a matter of law"); *see also Gaste*, 863 F.2d at 1068 (limited number of musical elements renders most individual elements, like scale, unprotected).
- Second, plaintiffs concede that a phrase length of eight notes is not an independently protectable musical element. *See* JMOL Opp. at 12; *see also Darrell v. Joe Morris Music Co.*, 113 F.2d 80, 80 (2d Cir. 1940) (*per curiam*) (holding that "a sequence of eight notes" is a "simple, trite theme[]" that is "likely to recur spontaneously").
- Third, a pitch sequence, like a chord progression, is not entitled to copyright protection. *Stefani*, 338 F. Supp. 3d at 1060.
- Fourth, because the way that the "Joyful **[*21]** Noise" ostinato resolves is determined by rules of consonance common in popular music, *see* Trial Tr. at 443:24-444:14, 450:18-22, it is not the type of musical element that is protectable as a matter of law. *See Swirsky*, 376 F.3d at 850 (expressions that are "naturally associated with the treatment of a given idea" are not copyrightable); *Darrell*, 113 F.2d at 80 (holding that "while there are an enormous number of possible permutations of the musical notes of the scale, only a few are pleasing; and much fewer still suit the infantile demands of the popular ear").
- Fifth, plaintiffs concede that a "rhythm of eighth notes" is commonplace. *See* JMOL Opp. at 12 (conceding that

⁵ Dr. Decker also testified that it is "relatively simple" to "hit four Cs in a row on a piano and then two Bs," in part because doing so just amounts to hitting two adjacent white keys. *Id.* at 494:1-7, 516:12-14.

⁶ Defendants also presented testimony that prior works—including prior works composed by plaintiff Gottwald also contain evenly-spaced notes. *See id.* at 904:7-905:17, 907:17-908:4, 913:8-914:11.

"a rhythm of eighth notes itself is not particularly rare" and is only "unique when viewed in context" with other elements); see also [Stefani, 338 F. Supp. 3d at 1060](#) (rhythm not protectable).

- Sixth, an evenly-syncopated rhythm, standing alone, is also not a protectable element. See [Stefani, 338 F. Supp. 3d at 1060](#) ("syncopation" not protectable); see also [Najm, 28 F. Supp. 3d at 616](#) (citing *inter alia* [N. Music Corp. v. King Record Distrib. Co.](#), 105 F. Supp. 393, 400 (S.D.N.Y. 1952) for the proposition that "originality of rhythm is a rarity, if not an impossibility").

- Seventh, because an ostinato is a "basic musical device" that is common in popular music, see Trial Tr. at 506:14-507:7, the use of an ostinato in a given composition is not, [*22] standing alone, protectable. [Stefani, 338 F. Supp. 3d at 1060](#) (citing [Jackson, 84 F.3d at 1216 n.3](#)).

- Eighth, even assuming the "pingy" synthesized timbre of the ostinato in "Joyful Noise" is part of a musical composition and not the sound recording or performance of the composition, see [Newton v. Diamond, 204 F. Supp. 2d 1244, 1258 \(C.D. Cal. 2002\)](#), *aff'd*, 388 F.3d 1189 (9th Cir. 2004) ("Plaintiff may rely only upon those elements protected by his copyright over the musical composition—not those attributable to his performance of the piece or the sound recording"), a synthesized timbre is a commonplace element of contemporary popular music that is not protectable as a matter of law. See [Najm, 28 F. Supp. 3d at 623](#) ("a jingling or pulsing synthesizer element" is "common in nearly all pop genres" and not protected as a matter of law).

- And ninth, assuming that a composition's "texture" is a product of composition and not recording or performance, [Diamond, 204 F. Supp. 2d at 1258](#), a composition's texture which, according to Dr. Decker, refers to the way a composition is "mixed" to reveal "different elements" of sound and its absence, Trial Tr. at 454:10-18—is an inherent feature in any kind of music. [Stefani, 338 F. Supp. 3d at 1060](#) (citing [Jackson, 84 F.3d at 1216 n.3](#)).

For the foregoing reasons, the Court cannot conclude, pursuant to the extrinsic test, that any of the allegedly original individual elements of the "Joyful Noise" ostinato are independently [*23] protectable as a matter of law.⁷

ii. Protection For Combination Of Unprotected Elements

The Court's inquiry, however, does not end there. Plaintiffs may still prove infringement of their ostinato if they can demonstrate that it is comprised of a protectable combination of otherwise unprotected elements. [Satava, 323 F.3d at 811-12](#). Those elements must be "numerous enough, and their selection and arrangement original enough" to warrant protection as "an original work of authorship." [Id. at 811](#). Since "a selection and arrangement copyright protects . . . the *particular* way in which the artistic elements form a coherent pattern, synthesis, or design," it is not enough to assert "a 'combination of unprotectable elements' without explaining how these elements are particularly selected and arranged." [Led Zeppelin, No. 16-56057, slip op. at 44-45, 46, 2020 U.S. App. LEXIS 7585](#) (explaining that this "amounts to nothing more than trying to copyright commonplace elements") (citing [Satava, 323 F.3d at 811-12](#)).

In considering this issue, the Court is "guided by relatively little precedent." [Swirsky, 376 F.3d at 848-49](#) (acknowledging that the "extrinsic test provides an awkward framework to apply to copyrighted works like music" and that "no one magical combination of [compositional elements] will automatically substantiate [*24] a musical infringement suit"). "[E]ach allegation of infringement [is] unique" in the musical context, and must be assessed *ad hoc*. [Id. at 849](#). To determine whether the various compositional elements of plaintiffs' ostinato are entitled to this sort of copyright protection in the aggregate, the Court first reviews the relevant precedents.

Beginning with perhaps the most notable case that found a protectable combination of otherwise unprotected musical elements, in [Three Boys](#), the Ninth Circuit affirmed a finding of copyright protection based on the combination of "five

⁷ Plaintiffs concede that, in final analysis, "[t]his case was about a distinctive *combination* of multiple musical elements," not any individual elements. JMOL Opp. at 7 (emphasis original). The Court addresses this argument in the section below.

otherwise unprotectable elements": (1) the title hook phrase (including the lyric, rhythm, and pitch); (2) the shifted cadence; (3) the instrumental figures; (4) the verse/chorus relationship; and (5) the fade ending. [Three Boys, 212 F.3d at 485](#); see also [Swirsky, 376 F.3d at 849](#) (discussing the decision in *Three Boys*).⁸ *Three Boys* concerned whether Michael Bolton's 1991 song "Love is a Wonderful Thing," in its entirety, infringed upon the Isley Brothers' 1954 song of the same name, in its entirety. See [Three Boys, 212 F.3d at 480](#). After a trial in which Bolton's defense expert conceded that "he had not found the combination of unprotectible elements in the Isley Brothers' song" in any prior compositions, [*25] the jury entered a verdict that "found infringement based on a unique compilation of those elements." [Id. at 485](#). The district court denied the defendants' post-trial motions for judgment as a matter of law and a new trial, [id. at 481](#), and the Ninth Circuit affirmed, [id. at 485](#).

Next, although it did not squarely address whether the combination of otherwise unprotected musical elements at issue warranted copyright protection,⁹ the Ninth Circuit in *Swirsky* considered whether the first measure of the chorus in plaintiffs song "One of Those Love Songs" (allegedly infringed by defendant Mariah Carey's song "Thank God I Found You") did not constitute original expression as a matter of law. See [Swirsky, 376 F.3d at 851-52](#). Carey advanced this argument for the first time on appeal as an alternative basis to affirm the district court's grant of summary judgment. [Id. at 851](#). She contended, in part, that the allegedly infringed 7-note first measure of plaintiff's song "lack[ed] protection because of its brevity." [Id.](#) The Ninth Circuit rejected this argument, explaining that while "a single musical note would be too small a unit to attract copyright protection[,] . . . an arrangement of a limited number of notes can garner copyright protection." [*26] [Id. at 851](#). The court then held that "[i]t cannot be said as a matter of law that seven notes is too short a length to garner copyright protection." [Id. at 852](#).

The Ninth Circuit again addressed the issue only hypothetically in [Williams, 895 F.3d at 1120](#). While, as discussed, the court there held that the "virtually identical" step of the *Satava* analysis did not apply to the musical composition at issue (an entire work, not just a portion), see [supra](#) § III at n. 2, the court embraced and applied the principle from *Apple Computer, Satava*, and *Swirsky* that a combination of elements—there, portions of six musical elements: "[1] signature phrases, [2] hooks, [3] bass lines, [4] keyboard chords, [5] harmonic structures, and [6] vocal melodies," [Williams, 895 F.3d at 1117](#) may receive copyright protection if sufficiently original. [Id. at 1120](#). At trial, the jury found that the combination of these elements of the Gayes' song "Got To Give It Up" was protected, that the Thicke parties infringed on the protected elements, returned a verdict for the Gayes, and awarded damages. [Id. at 1127-28](#). Critically, the Thicke parties "failed to make a [Rule 50\(a\)](#) motion for judgment as a matter of law at trial" which "preclude[d] consideration of a [Rule 50\(b\)](#) motion for judgment as [*27] a matter of law" following trial. [Id. at 1134-35](#) (citation omitted). Accordingly, the Ninth Circuit's review of the jury's finding of a protected combination was confined to a "factbound" highly deferential review that did not permit the panel to revisit the protectability issue even if "it is able to determine substantial similarity, or lack thereof, under the extrinsic test" as a matter of law. [Id. at 1127-28, 1134-35](#) (explaining that "an advocate's failure to comply with [Rule 50](#)'s requirements . . . compels us to heighten the level of deference we apply on appeal" and concluding that the panel lacked the authority "to enter judgment as a matter of law in the absence of a [Rule 50\(a\)](#) motion below" on the extrinsic test). Although neither the district court nor the

⁸ Although *Three Boys* preceded both the Ninth Circuit's 2004 decision in *Swirsky* (that recognized the application of the thin copyright doctrine to musical composition cases) and 2003 decision in *Satava* (which clarified how to apply the thin copyright doctrine), it followed the Ninth Circuit's seminal 1994 decision in [Apple Computer Co., 35 F.3d at 1446](#), which held in part that an "original selection and arrangement of unprotected elements" may be entitled to copyright protection.

⁹ The *Swirsky* court addressed the question of what kind of musical elements could in combination warrant copyright protection only hypothetically since the district court had "disregard[ed]" the possibility that a combination of unprotected elements might still receive copyright protection. [376 F.3d at 848](#). Because the panel held that it was error to omit this analysis and rely exclusively upon an inappropriately rigid "mechanical" test to grant defendant summary judgment, and because the defendant did not argue that summary judgment could be alternatively affirmed under the appropriate standard, the Ninth Circuit reversed without reaching the issue. [Id.](#) The court thus stated, by way of example, that "although chord progressions may not be individually protected, *if* in combination with rhythm and pitch sequence, they show the chorus of 'Thank God' to be substantially similar to the chorus of 'One,' infringement *can be* found." [Id. at 848](#) (emphasis added). The court did not express an opinion on whether it would have been error to grant defendant judgment as a matter of law on the question of protectable combination, and the case settled on remand. See *Swirsky v. Carey*, No. 00-CV-09926-CAS (Ex), ECF No. 83 (C.D. Cal. April 7, 2006) (order of dismissal following settlement). The opinion is nevertheless instructive for the reasons discussed in the accompanying text.

Ninth Circuit for this reason had the opportunity to consider the question of protectability as a matter of law after all the evidence had been presented, the court's conclusion that the jury could have found the six individually unprotectable musical elements identified at trial cumulatively protectible is informative.

A court in the District of Oregon squarely found a protectable combination of otherwise unprotected musical elements in [Erickson v. Blake](#), 839 F. Supp. 2d 1132 (D. Or. 2012). That case involved two musical compositions [*28] that "transpos[ed] the digits of *pi* to a set of musical notes" deployed as a motif. [Id.](#) at 1139. The plaintiff alleged that the defendant's composition infringed, in its entirety, upon the plaintiff's composition in its entirety. [Id.](#) at 1134. The defendant moved to dismiss the complaint pursuant to the extrinsic test on grounds that the works lacked any similarity beyond the unprotectable idea "of putting the digits of *pi* into music." [Id.](#) The Court agreed that "*pi* is a non-copyrightable fact and the transcription of *pi* to music is a non-copyrightable idea," but did not end its analysis there. [Id.](#) at 1139. After filtering out those unprotectable elements of the allegedly infringed composition's "primary motif," the court considered whether the composition's remaining "pattern of other musical elements: the choice of scale, rhythm, harmony, and embellishments or variation" comprised a combination of elements protectable pursuant to [Apple Computer](#) and [Satava](#). [Id.](#) The court concluded that they did: "[t]he copyrightability of the song is not . . . the melody based on *pi*, but the fitting together of this sequence with other melodious phrases into a unique composition." [Id.](#) (internal marks omitted) (citing [Granite Music Corp. v. United Artists Corp.](#), 532 F.2d 718, 721 (9th Cir. 1976)). It identified [*29] "the cadence, flourishes, harmonies, [and] structure" of the remaining composition, in particular, to conclude that the plaintiff had a "thin" copyright in the song as a whole that "protects his work only from virtually identical copying." [Id.](#) at 1140.

Other courts have declined to find similar combinations of musical elements protectable. In [Stefani](#), 338 F. Supp. 3d at 1051, for example, a court in this district considered whether the (1) "distinctive pronunciation and rhyming", (2) use of a particular lyric at a particular beat, (3) rhythm, (4) recurring vocal phrase, and (5) the presence of tritones "qualif[ied]" the plaintiff's song "for copyright protection" by virtue of their "arrange[ment] in an original manner." [Id.](#) at 1059-61 (collecting the five elements from Features A, B, and C that the court considered). The court concluded that these features were not "voluminous" enough to provide "the quantum of originality needed to merit copyright protection," and entered judgment for defendant as a matter of law. [Id.](#) at 1061 (quoting [Satava](#), 323 F.3d at 811).

Similarly, in [Cottrill v. Spears](#), No. 02-CIV-A-03646, 2003 U.S. Dist. LEXIS 8823, 2003 WL 21223846 (E.D. Pa. May 22, 2003), [aff'd](#) 87 F. App'x 803 (3d Cir. 2004), plaintiffs alleged that Brittany Spears' "What U See Is What U Get" infringed upon the following compositional elements of their song "What You See Is [*30] What You Get": (1) two identical pitches at the opening of each song's chorus; (2) two verses that begin and end with an A-minor chord; (3) the repetition of a particular note three times in their verses; and (4) a setting in 4/4 time. 2003 U.S. Dist. LEXIS 8823, [WL] at 9. After concluding that none of those elements was individually protectable, the court cited the Ninth Circuit's standard and considered whether "a combination of [the] unprotectible elements" in the plaintiff's song may nevertheless "qualify for copyright protection." 2003 U.S. Dist. LEXIS 8823, [WL] at *9 (citing [Apple Computer](#), 35 F.3d at 1446). The court then cited the Ninth Circuit's decision in [Satava](#), 323 F.3d at 811, for the rule that those elements must still be "numerous enough and their selection and arrangement original enough" to warrant protection, and concluded that "[t]he same cannot be said of the elements here, especially in light of the fact that they are common to music of this type." 2003 U.S. Dist. LEXIS 8823, [WL] at *9 (citing [Gaste](#), 863 F.2d at 1068). On this basis, the court granted Spears judgment as a matter of law. [Id.](#)

Considering these decisions, the Court notes as follows. First, [Swirsky](#) stands for the proposition that even a very short musical phrase containing some mix of musical elements may be entitled to protection if that mix is sufficiently original. Second, in each [*31] of the cases that addressed and found a protected combination of otherwise unprotectible elements, the protected combination concerned a mix of compositional elements present across a compositional work as a whole, not within a single portion of that composition. See [Three Boys](#), 212 F.3d at 485; [Williams](#), 895 F.3d at 1127-28; [Erickson](#), 839 F. Supp. 2d at 1139. And third, the number of elements comprising a given combination does not strictly determine its protectability in the aggregate, and supplies a less material consideration than the overall combination's originality. Compare [Three Boys](#), 212 F.3d at 485 (five elements were protected) and [Williams](#), 895 F.3d at 1127-28 (no abuse of discretion for district court to determine that the jury's finding that six elements were protected was not clearly against the weight of the evidence) with [Stefani](#), 338 F. Supp. 3d at 1061 (five elements not protected); see also [Led Zeppelin](#), No. 16-56047, slip op. at 45 n. 11, 2020 U.S. App. LEXIS 7585 ("Properly read, [Swirsky](#) left open the possibility that five or more different musical elements may be

analyzed for a substantial similarity analysis, not that a set of five musical elements is always sufficient to find infringement.").

In view of these decisions, the Court now turns to whether the musical elements that comprise the 8-note ostinato in "Joyful Noise" are "numerous enough" and "arranged" in a sufficiently original [*32] manner to warrant copyright protection. See Satava, 323 F.3d at 811. The Court concludes that they do not. Although Swirsky contemplates the possibility that an 8-note musical phrase may be entitled to copyright protection pursuant to Satava, the parties have not cited any authority (let alone binding authority) holding that an otherwise unprotected musical phrase, isolated from the rest of a musical composition, in fact warranted copyright protection.¹⁰ See Stefani, 338 F. Supp. 3d at 1060 (no protection, even across entire song, for five comparable elements); see also 4 Nimmer on Copyright § 13.03[A][2][a] (2019) ("It is most unusual for infringement to be found on the basis of similarity of a single line, and generally, the likelihood of copying but a single line of such importance, as to warrant a finding of substantial similarity, is remote.")

It is undisputed in this case, even viewing the evidence in the light most favorable to plaintiffs, that the signature elements of the 8-note ostinato in "Joyful Noise" the 3-3-3-2-2 pitch sequence, the resolution of that sequence with a 3-2-1-5 sequence, the even rhythm without syncopation, and its development across a sparse texture is not a particularly unique or rare combination, even in its deployment [*33] as an ostinato: prior compositions, including prior works composed by the parties, as well as what all agree is a separate non-infringing ostinato in "Dark Horse," all contain similar elements. See Trial Tr. at 904:7-905:17, 907:17-908:4 (unrebutted testimony of defendants' expert Dr. Ferrara discussing the presence of this pitch sequence in an even rhythm in the children's songs "Merrily We Roll Along" and "Jolly Old St. Nicholas"); see id. at 884:8-20, 886:12-24, 913:8-914:11 (unrebutted testimony from Dr. Ferrara that three other songs, including a song composed by defendant Gottwald called "Love Me Or Hate Me," contains the same evenly-spaced, repeating, pitch content, with the same 3-2-1-5 resolution, including as an ostinato); see id. at 496:8-497:6 (testimony from Dr. Decker that the "melodic contour of pitches" in the allegedly infringing ostinato in "Dark Horse," and another ostinato in "Dark Horse" that is not infringing, are "the same"). See also Am. Br. at 8 (explaining that a search of music databases housed by the Center for Computer Assisted Research in the Humanities at Stanford University, and the Repertoire International des Sources Musicales, indicates that there [*34] are at least 6 other compositions in the same key containing the same pitch sequence, and more than 2,000 in all keys).

That these other works may also contain other dissimilar elements does not alter the conclusion that the elements they share in combination comprise the "bedrock" of what plaintiffs and their expert claim to be original. See Opp. at 11, 15 (quoting Trial Tr. 524:11). This does not meet the applicable standard of originality. See, e.g., Griffin v. J-Records, 398 F. Supp. 2d 1137, 1143 (E.D. Wash. 2005) (granting judgment as a matter of law to defendant in action alleging infringement of copyright in musical composition where the plaintiff "failed to . . . present competent testimony contesting the conclusions of expert musicologist Dr. Ferrara" that "the two works are not substantially similar and the portion that is similar is a seven-note melodic sequence that is in the public domain") (discussed in 4 Nimmer on Copyright § 13.03 [A][2][a] (2019)).

The other elements present in plaintiffs' 8-note ostinato also do not bring the combination within the ambit of the copyright law's protection. The placement of the ostinato within the composition's verses does not make it so exceptionally original as to warrant protection. See, e.g., Allen v. Destiny's Child, No. 06-CV-06606, 2009 U.S. Dist.

¹⁰ The Court also notes Judge Hand's observations made nearly a century ago that an eight-note ostinato was "the proper subject" of an infringement action since it comprised a "substantial component" of the plaintiffs copyrighted song. See Fred Fisher, Inc., v. Dillingham, 298 F. 145, 147 (S.D.N.Y. 1924) (Hand, J.). The Ninth Circuit has cited the case favorably, but only (as relevant here) for the proposition that even a "relatively small" portion of an "entire work" may receive copyright protection if it is "qualitatively important" in context. Baxter v. MCA, Inc., 812 F.2d 421, 425 (9th Cir. 1987) (string-citing cases). That begs the material question, of course, as to when a small combination of otherwise unprotected elements of a larger musical work becomes "qualitatively important" enough to prompt protection. In Baxter, the court explained in dicta that, even if its analysis were limited to six notes and not plaintiff's entire composition, a six-note sequence could still be "qualitatively important" enough to become protectible expression. Id. And in Swirsky, the case settled before the same question involving the seven-note sequence at issue in that case could be fully litigated. See supra n. 9.

[LEXIS 63001, 2009 WL 2178676, at *12 \(N.D. Ill. July 21, 2009\)](#) (finding no "legal authority for this court to consider [*35] that the location of a single, common three-note sequence in a musical composition is sufficient to support a finding of protectability in the context of alleged copyright infringement"). That the ostinato is phrased in minor scale also does not make the combination sufficiently original given the limited number of scales that exist. [See *Led Zeppelin, No. 16-56057, 2020 U.S. App. LEXIS 7585 at *42*](#) (holding that "musical concepts like the minor chromatic line and the associated chords have been used in music for quite a long time" as "building blocks"); [Gaste, 863 F.2d at 1068](#). That effectively leaves the ostinato's pingy synthesizer sound, which, even if considered a function of composition, [cf. *Diamond, 204 F. Supp. 2d at 1258*](#), would not transform the "Joyful Noise" ostinato into protected expression. Synthesized timbre is, as mentioned above, a common element in contemporary popular music. A relatively common 8-note combination of unprotected elements that happens to be played in a timbre common to a particular genre of music cannot be so original as to warrant copyright protection. [See *Jackson, 84 F.3d at 1216 n. 3*](#); [see also *Heim v. Universal Pictures Co., 154 F.2d 480, 488 \(2d Cir. 1946\)*](#) (affirming trial court's judgment that "common trite note sequence did not possess enough originality, raising it above the level of the banal").

Because the sole musical [*36] phrase that plaintiffs claim infringement upon is not protectable expression, the extrinsic test is not satisfied, and plaintiffs' infringement claim—even with the evidence construed in plaintiffs' favor fails as a matter of law. [Rentmeester, 883 F.3d at 1117](#) ("copyright law does not forbid all copying," only the "illicit copying" of protected works); [e.g., *Stefani, 338 F. Supp. 3d at 1058*](#) ("A plaintiff who cannot satisfy the extrinsic test necessarily cannot prevail on a copyright claim as a matter of law."). Defendants are therefore entitled to judgment as a matter of law on plaintiffs' copyright infringement claim. Conditionally in the alternative, defendants are entitled to a new trial because, for the same reasons set forth above, the jury's verdict is against the clear weight of the evidence. [See *Fed. R. Civ. Proc. 50\(c\)\(1\)*](#).

iii. Substantial Similarity Between Combinations

Even if the 8-note ostinato were protected expression as a combination, defendants would still be entitled to judgment as a matter of law since the evidence submitted at trial does not support a legal conclusion that the two ostinatos are, objectively, substantially similar. [See *Satava, 323 F.3d at 811-12*](#).¹¹ "[A] selection and arrangement copyright is infringed only where the works share, in substantial amounts, the 'particular,' [*37] i.e. the 'same,' combination of unprotectable elements." [Led Zeppelin, No. 16-56057, 2020 U.S. App. LEXIS 7585 at *41](#). Here, because "the range of protectable expression" in an 8-note pop music ostinato comprised of individually unoriginal elements "is narrow" [see *Gaste, 863 F.2d at 1068*](#); 1 [Nimmer on Copyright § 2.05](#) (2019)—the combination of unprotectable elements in defendants' allegedly-infringing ostinato "would necessarily have to be 'virtually identical' to their counterparts in the plaintiffs' ostinato "in order to be substantially similar." [Led Zeppelin, No. 16-56057, 2020 U.S. App. LEXIS 7585 at *41](#).

While "virtual identity is not the same as absolute identity," the existence of "greater distinctions do indeed negate liability." 4 [Nimmer on Copyright § 13.03\[A\]\[4\]](#) (2019) (citing cases). For example, the [Erickson](#) court found no infringement where "the cadence, flourishes, harmonies, [and] structure," among other elements of the defendant's song, were "not virtually identical, or even particularly similar" to the plaintiff's thinly-protected musical composition. [See *Erickson, 839 F. Supp. 2d at 1140*](#) (concluding that the defendant's "musical work, therefore, does not infringe on" plaintiffs copyright).

The evidence in this case does not support a conclusion that the relevant ostinatos in "[Dark Horse](#)" and "Joyful Noise" are virtually identical. There are [*38] a number of undisputed objective distinctions that, as a matter of law, negate liability. First, Dr. Decker testified that the pitches on the seventh and eighth beats of the "Joyful Noise" ostinato are different from the pitches on the corresponding beats of the "[Dark Horse](#)" ostinato: in "Joyful Noise," the pitch sequence on these beats resolves up from B-A1F, while in "[Dark Horse](#)," the pitch sequence on these beats resolves down from A-E. [See Trial Tr. at 499:8-501:7](#). Plaintiffs characterize this testimony as signaling a similarity in how the

¹¹ The application of the substantial similarity test to assess whether a defendant's work infringes upon a plaintiff's combination of otherwise unprotected elements is an objective inquiry included within the extrinsic test and thus a question of law reserved to the Court in the first instance.

songs resolve, and point to Dr. Decker's testimony that both ostinatos "shar[e] similar musical strategies for how to end." See JMOL Opp. at 8, 13 (citing Trial Tr. at 459:15-19). But that conclusion is contrary to law: the question is whether the identified and allegedly protected concrete elements of the "Joyful Noise" ostinato are, in their combined form, objectively similar in articulable ways to corresponding concrete elements in the "**Dark Horse**" ostinato, not whether the ostinatos reflect common "strategies." See *Malibu Textiles, Inc.*, 922 F.3d at 952 ("The extrinsic test 'is an objective comparison of specific expressive elements; it focuses on the articulable similarities between the two works.'") [*39] (quoting *Aeropostale*, 676 F.3d at 848). Moreover, the fact that the two 8-note ostinatos resolve using two different pitches despite a tendency to resolve within only a narrow range of pitches, see *id.* at 443:24-444:14, 450:18-22 (Dr. Decker conceded that "scale degrees have tendencies" to resolve in a particular manner), indicates an objective distinction rather than a similarity. Second, the composition for the ostinato in "Joyful Noise" contains at least six instances of portamento (i.e. a slide between musical notes) not present in "**Dark Horse**." See Trial Tr. at 505:9-22. Dr. Decker testified that he does not "hear" these differences "as significant," Trial Tr. at 506:1, but that opinion is legally irrelevant. Dr. Decker acknowledged that the presence of slides in the composition for "Joyful Noise" is "a difference" between the compositions. *Id.* at 505:22. And third, Dr. Decker acknowledged that the compositions for the ostinatos use different keys, tempos, harmonies, and rhythms. See *id.* at 460:5-25, 462:1-6, 504:11-22).¹²

Taken together, these objective distinctions are substantial enough as to preclude a determination of virtual identity. See *Erickson*, 839 F. Supp. 2d at 1140. For this reason as well, even if the "Joyful [*40] Noise" ostinato were entitled to combination copyright protection in the aggregate and the Court concludes that it is not the Court concludes that defendants would still be entitled to judgment as a matter of law. Defendants are therefore also entitled to judgment as a matter of law on plaintiffs' copyright infringement claim on this basis. Conditionally in the alternative, defendants are also entitled to a new trial on this basis because, for the same reasons set forth above, the jury's verdict is against the clear weight of the evidence. See *Fed. R. Civ. Proc. 50(c)(1)*.

b. Intrinsic Test

Defendants also move for judgment as a matter of law on substantial similarity pursuant to the intrinsic test. See JMOL at 27-29. "The intrinsic test is subjective and asks 'whether the ordinary, reasonable person would find the total concept and feel of "Joyful Noise" and "**Dark Horse**" to be "substantially similar." *Three Boys*, 212 F.3d at 485. "[T]he subjective question whether works are intrinsically similar must be left to the jury" to resolve in the first instance. *Swirsky*, 376 F.3d at 845. And since "the intrinsic test for expression is uniquely suited for determination by the trier of fact," reviewing courts generally "will not second-guess the jury's application of the intrinsic test." [*41] *Id.* at 485 (citing *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1166 (9th Cir. 1977)).

Although some district courts have determined that the intrinsic test can be resolved as a matter of law in music copyright infringement actions where "no reasonable person could confuse" the subject compositions' overall "concept and feel," see, e.g., *ZZ Top v. Chrysler Corp.*, 54 F. Supp. 2d 983, 986 (W.D. Wash. 1999) (granting defendant judgment as a matter of law because "no reasonable person could confuse the two riffs, even if they were exposed to only six or eight seconds of each"), the Court declines to do so here. Even though the Court concludes that plaintiffs' ostinato is neither protected nor virtually identical to the allegedly infringing ostinato in "**Dark Horse**" (and that defendants are therefore entitled to judgment as a matter of law), a reasonable jury could nevertheless conclude that the "concept and feel" of the two ostinatos in this case are "intrinsically" similar.

2. Access

Defendants contend that they are also entitled to judgment as a matter of law because no sufficient evidence supports a finding of access. See JMOL at 27-40.

At trial, plaintiffs relied on a theory of widespread dissemination to prove access. See JMOL Opp. at 17-19. "The

¹² Amici musicologists note these and other differences, as well. See Am. Br. at 10. Additionally, while Dr. Ferrara testified as to other differences, some of these are clearly controverted. Compare Trial Tr. at 918:1-919:13 (Dr. Ferrara stating that the ostinato in "Joyful Noise" proceeds in a 16-note cycle, whereas the allegedly infringing ostinato in "**Dark Horse**" proceeds in 8-note cycles), with *id.* at 439:16-25 (Dr. Decker stating that in "Joyful Noise" the ostinato is "eight notes in length").

evidence required to show widespread dissemination will vary from case to case." [Loomis, 836 F.3d at 997](#) (quoting [Aeropostale, Inc., 676 F.3d at 847](#)). The touchstone of [*42] the inquiry, however, is whether "the defendant had a reasonable opportunity to view [or hear] plaintiff's work." 4 [Nimmer on Copyright § 13.02\[A\]](#) (2019). The question presented by this post-trial motion is therefore "not whether Plaintiff has proven access by a preponderance of evidence, but whether *reasonable minds* could find that Defendants had a *reasonable opportunity* to have heard Plaintiffs song before they created their own song." [Three Boys, 212 F.3d at 485](#) (emphasis original). "Given the ubiquity of ways to access media online . . . access may be established by a trivial showing that the work is available on demand." [Led Zeppelin, No. 16-56057, 2020 U.S. App. LEXIS 7585 at *36](#). The Court must defer to the jury's determination of reasonableness on this question. Even where a plaintiff's theory of access is "fantastic," the "plaintiffs credibility, even as to those improbabilities, should be left to the jury." *Id.* (citing [Arnstein v. Porter, 154 F.2d 464, 469 \(2d Cir. 1946\)](#)).

While "distinguishing a 'bare' possibility from a 'reasonable' possibility will present a close question," 4 [Nimmer on Copyright § 13.02\[A\]](#) (2019), the Court believes the evidence presented by plaintiffs at trial was sufficient to support the jury's finding as to access. Plaintiffs presented evidence at trial that "Joyful Noise" was played more than 6 million times on YouTube [*43] and MySpace, that "Joyful Noise" was nominated for a Grammy, that "Joyful Noise" was performed at hundreds of concerts across the country, and that "Joyful Noise" ranked highly on the Billboard charts for popular music. A reasonable jury could have concluded from this evidence that the relevant defendants who composed the allegedly infringing ostinato in "[Dark Horse](#)" had a reasonable opportunity to have encountered "Joyful Noise." See [Three Boys, 212 F.3d at 485](#) ("Although we might not reach the same conclusion as the jury regarding access, we find that the jury's conclusion about access is supported by substantial evidence.").¹³

B. Other Defenses

Defendants advance three additional arguments, which, they claim, negate their copyright liability, even if the jury could have reasonably found infringement. Although the Court concludes that defendants are entitled to judgment as a matter of law on the infringement claim because plaintiffs cannot satisfy the extrinsic test for substantial similarity, see *supra* § III.A.1.a, the Court will address each of these additional arguments in turn.

1. Independent Creation Defense

"By establishing reasonable access and substantial similarity," plaintiffs [*44] "create a presumption of copying" that defendants may rebut "through proof of independent creation." [Three Boys Music, 212 F.3d at 486](#) (citing [Granite Music, 532 F.2d at 721](#)). This is a "factual issue . . . for trial to resolve." 3 [Nimmer on Copyright § 12.10\[B\]\[2\]\[b\]](#) (2019); see, e.g., [Kaseberg v. Conaco, LLC, 260 F. Supp. 3d 1229, 1248 \(S.D. Cal. 2017\)](#) (quoting *Nimmer* and concluding that the independent creation defense "necessarily implicates credibility determinations" that are "inappropriate" for resolution as a matter of law).

Defendants proffered extensive testimony from defendants Gottwald and Walter that they created the ostinato in "[Dark Horse](#)" on their own without knowledge of "Joyful Noise." See JMOL at 40-41 (reciting this evidence). The jury was entitled to credit or discredit this self-interested testimony as it saw fit. See [Kaseberg, 260 F. Supp. 3d at 1248](#). After the jury decided that the testimony was not credible, or at least not so credible as to establish "proof of independent creation," the Court must, at least on this issue of fact, yield to that determination. See [Reeves, 530 U.S. at 150-51](#) (holding that a district court should only "give credence" to un rebutted testimony favoring a [Rule 50](#) movant if that testimony "comes from disinterested witnesses"). The Court would accordingly not disturb the jury's verdict as to independent creation, had it reached this question.

¹³ The Court's conclusion is consistent with the Ninth Circuit's decision in [Loomis, 836 F.3d at 997-98](#). As the Court explained in its order denying defendants' earlier motion for summary judgment, *Loomis* does not require proof of commercial success to establish widespread dissemination. *Id.* at 997. The decision merely states that in "most cases" the evidence "centers on the degree of a work's commercial success," *id.*, while acknowledging that "[t]he evidence required to show widespread dissemination will vary from case to case." *Id.* See generally MSJ Order at 8.

2. Failure to Establish Ownership of [*45] a Joint Work

As an alternate basis for judgment as a matter of law, the defendants argue that plaintiffs failed to present evidence that they own the expression that the defendants allegedly infringed. See JMOL at 41-42 (citing [17 U.S.C. § 411\(a\)](#)).

According to the defendants, the evidence shows that the ostinato in "Joyful Noise" was originally part of a beat published by Chike Ojukwu that plaintiff Gray purchased and later incorporated into "Joyful Noise." See Trial Tr. at 183:17-184:1, 118:19-119:3, 194:19-22, 356:6-8. They contend "Joyful Noise" is therefore a derivative work, and that plaintiffs' copyright does not extend to protect the preexisting material embodied in the beat. See [17 U.S.C. § 103](#). Plaintiffs oppose on grounds that "Joyful Noise" is a joint work of authorship created by plaintiffs and Ojukwu, and that Ojukwu retained a 50% ownership stake in the song created with his beat. See Trial Tr. 184:7-22, 186:6-25, 195:9-197:4.

The Copyright Act defines a joint work as "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." [17 U.S.C. § 101](#). "The authors of a joint work are co-owners of the copyright in the work." [17 U.S.C. § 201\(a\)](#). "[C]ontemporaneous [*46] and coordinated action between [creators] is not required" to establish a joint work between creators. [Siegel v. Time Warner Inc.](#), 496 F. Supp. 2d 1111, 1145-46 (C.D. Cal. 2007) (citing [Edward B. Marks Music Corp. v. Jerry Vogel Music Co.](#), 140 F.2d 266, 267 (2nd Cir. 1944) (Hand, J.)). What matters is that, at some point, "the putative coauthors made objective manifestations of a shared intent to be coauthors." [Richlin v. Metro-Goldwyn-Mayer Pictures, Inc.](#), 531 F.3d 962, 968 (9th Cir. 2008) (internal marks omitted). "A contract evidencing intent to be or not to be coauthors is dispositive." Id. (also identifying other factors to consider in the event there is no dispositive contract).

Plaintiffs presented evidence at trial that Ojukwu and Gray contracted to become coauthors of "Joyful Noise." See ECF No. 499-7 (attaching Trial Ex. 5). That is dispositive and establishes plaintiffs' ownership as a matter of law. See [Richlin](#), 531 F.3d at 968. Additional evidence corroborates this conclusion, as well. See, e.g., ECF No. 499-9 (attaching Trial Ex. 58, which includes the liner notes that lists Ojukwu as the producer of "Joyful Noise," which refers to the person who wrote the instrumental portion of the song).

Defendants are accordingly not entitled to judgment as a matter of law on this basis.

3. Liability for Individual Defendants

Defendants also contend that they are entitled to judgment as a matter of law because, they claim, no evidence supports [*47] a finding that any defendants other than Walter and Capitol Records are individually liable for the alleged infringement of "Joyful Noise." See JMOL at 44-45.

"Courts in the Ninth Circuit held that in patent, trademark, literary property, and copyright infringement cases, any member of the distribution chain of allegedly infringing products can be jointly and severally liable for the alleged misconduct." [Adobe Sys. Inc. v. Blue Source Grp., Inc.](#), 125 F. Supp. 3d 945, 973 (N.D. Cal. 2015) (citing cases). In this case, each of the defendants named in the third amended complaint could be liable for their role in the "distribution chain" at issue. First, each of the other songwriters and producers (in addition to Walter) could be held liable for (i) creating an unauthorized infringing work in "[Dark Horse](#)," (ii) permitting and/or directing Capitol Records to distribute copies of "[Dark Horse](#)," and (iii) permitting and/or directing Capitol Records to publicly perform "[Dark Horse](#)" on radio and on streaming services. See [17 U.S.C. §§ 106\(2\)-\(4\)](#). Second, defendants [Katy Perry](#) and Jordan Houston could be liable for creating a music video. See id. [§ 106\(4\)](#). Third, the remaining corporate defendants provided sound recording and music publishing services for "[Dark Horse](#)" that facilitated the creation, distribution, and performance [*48] of "[Dark Horse](#)." Id. [§§ 106\(2\)-\(4\)](#).

Since all of the defendants participated in the distribution chain of "[Dark Horse](#)" at one level or another, each of the defendants could be found liable for infringement.

C. Damages Issues

In addition to their arguments on liability, defendants request judgment as a matter of law against the jury's damages award on grounds that the jury (1) failed to properly apportion damages, and (2) that the jury failed to deduct overhead costs from its award. See JMOL at 45-50.

1. Failure to Apportion

At trial, the jury found that 22.5% of the net profit earned by each defendant from "***Dark Horse***" derived from the use of the ostinato in "Joyful Noise" as opposed to other factors. See ECF No. 457 ("Damages Verdict") at Question 3. Defendants contend that this decision reflects "pure speculation unsupported by evidence," justifying judgment in defendants' favor as a matter of law notwithstanding what the jury may have found with respect to liability. See JMOL at 46.

To recover profits earned by an infringer, "[1] the copyright claimant must first show a causal nexus between the infringement and the gross revenue; and [2] once the causal nexus is shown, the infringer bears the burden of apportioning the [*49] profits that were not the result of infringement." [*Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 711 \(9th Cir. 2004\)](#) (citing [17 U.S.C. § 504\(b\)](#)). The Ninth Circuit interprets "the statute's general reference to 'gross revenue' to mean the gross revenue associated with the infringement, as opposed to the infringer's overall gross sales resulting from all streams of revenue." [Id. at 711 n.8](#). For this reason, unless substantial evidence supports a "causal link between the infringement and the monetary remedy sought," a court is required to "vacate the award" set forth by the jury. [Id. at 708](#).

The jury's damages award in this case is not so clearly unsupported by substantial evidence as to warrant vacatur. Evidence in the record, largely agreed to by stipulation, established the total profits that defendants each received from "***Dark Horse***." See Jury Instruction (Phase II) No. 3 (explaining that "the parties have stipulated to the amounts of gross revenues and costs of certain defendants"); see also Trial Tr. at 1400:3-17 (testimony of Capitol Records designate that Capitol Records' total profits attributable to ***Dark Horse***, not otherwise stipulated to, was \$12,402,637, and \$629,725 after deducting expenses). Evidence in the record also established that the infringing ostinato in "***Dark Horse***" [*50] plays across 45% of the composition. See Trial Tr. at 465:1. Based on that testimony, plaintiffs requested 45% of defendants' aggregated profits, whatever the jury determined that amount to be.¹⁴ This method of determining damages was not invalid as a matter of law. See, e.g., [Three Boys](#), 212 F.3d at 487 (holding that an award of "less than 100% of the profits but more than the percentage estimates of [defendant's] experts does not represent clear error"). The jury evidently decided to divide plaintiffs' requested amount in half—either as a result of defendants' evidence, or some other reason—and award damages in the amount of 22.5% of total profits.

The jury's decision was based on substantial evidence, and not contrary to law. Therefore, had the Court reached this issue, defendants would not have been entitled to judgment as a matter of law.

2. Failure to Deduct Overhead

Defendants further contend that, even if the jury's method of determining damages was supported by substantial evidence and not contrary to law, the jury failed to deduct certain overhead costs borne by Capitol Records, and thus calculated a damages amount with respect to Capitol Records that is contrary to law. See JMOL at 48-50.

To determine the defendants' [*51] net profits, the Court instructed the jury to "deduc[t] all appropriate expenses incurred by that defendant from that defendant's gross revenue." See Jury Instruction (Phase II) No. 3. In the Ninth Circuit, appropriate expenses are only those which "contributed to the production, distribution or sales of the infringing goods," including "fixed overhead" costs, provided that the overhead "contributed" to the infringing good. [Kamar Int'l, Inc. v. Russ Berrie & Co.](#), 752 F.2d 1326, 1333 (9th Cir. 1984). In this case, defendant Capitol Records presented

¹⁴ Defendants also request judgment as a matter of law with respect to the jury's determination of this amount, which defendants claim is contrary to law because it fails to deduct a portion of defendant Capitol Records' overhead costs. See infra § 111.C.2.

testimony that its deductible expenses amounted to \$11,772,912, including \$5,103,213 in overhead costs. See Trial Tr. at 1400:3-17 (discussing Trial Ex. 111). At trial, plaintiffs sought to discredit the appropriateness of this overhead figure through cross-examination, suggesting that the figure contained fixed expenses that did not "contribute" to the production, marketing, or commercial success of "Dark Horse." See Trial Tr. at 1431:15-1435:11. Weighing this evidence, the jury appears to have rejected defendants' request by instead only deducting \$6,669,699 of the \$11,772,912 in claimed expenses from the total claimed profits, and declining to deduct the \$5,103,213. See Damages Verdict at Question 2.

The jury's [*52] decision to reject the deduction of \$5,103,213 in claimed overhead costs was supported by substantial evidence adduced at trial, see Trial Tr. at 1431:15-1435:11, and not otherwise contrary to law. For this reason, had the Court reached the issue of Capitol Records' overhead, defendants would not have been entitled to judgment as a matter of law.

D. Motion For A New Trial

Because the Court concludes that defendants are entitled to judgment as a matter of law on plaintiffs' copyright infringement claim pursuant to the extrinsic test, see supra § III.A.1.a, defendants' motion for a new trial is denied as moot.

However, had the Court not granted defendants judgment as a matter of law on liability, the Court would have exercised its discretion to order a new trial on damages unless plaintiffs accepted a remittitur. See Fenner, 716 F.2d at 603 (permitting this procedure). The jury's damage award in this case which disregarded powerful testimony that it was Katy Perry's star power and Capitol Records' marketing efforts (not plaintiffs' ostinato) that generated "Dark Horse's" commercial success, see, e.g., Trial Tr. 1508:9-24, 1523:18-1528:23 seems clearly against the weight of the evidence presented at trial, even [*53] if otherwise based on substantial evidence offered by the plaintiffs. See Oltz, 861 F.2d at 1452 (holding that a district court may order a new trial on damages even though substantial evidence supports the jury's verdict). Had the Court reached this issue, the Court therefore would have been inclined to order a new trial unless a remittitur were accepted.

IV. PREJUDGMENT INTEREST

The Court's grant of judgment as a matter of law to defendants also moots plaintiffs' motion for prejudgment interest on the jury's damages award: "[b]ecause there is no award, the question of whether [plaintiffs] was entitled to receive prejudgment interest on that award is moot." PSM Holding Corp. v. Nat'l Farm Fin. Corp., 884 F.3d 812, 826 (9th Cir. 2018). For the same reason, even had the Court denied defendants' motion for judgment as a matter of law as to liability, because the Court orders a new trial on damages, there still would have been no damages award from which plaintiffs could have sought interest. Id.

Even putting both of those issues aside, plaintiffs still would not have been entitled to prejudgment interest had the Court left the jury verdict in place. A district court may, but need not, award prejudgment interest to a copyright infringement claimant, even where a claim is not liquidated. [*54] See Polar Bear, 384 F.3d at 716; Golden State Transit, 773 F. Supp. at 212. A district court has discretion, for example, to decline claims for prejudgment interest in copyright cases that "vigorously contest[]" close questions of disputed copyright law since any delay in providing restitution, in such circumstances, is justified. See Renoir, 305 F. App'x at 339.

Had the Court left the verdict in place, the Court would have exercised its discretion to decline plaintiffs' claim for prejudgment interest for this reason. This case presented difficult questions of not clearly-settled copyright law. Fully litigating the dispute through trial was accordingly "not needless delay." See, e.g., Brighton Collectibles, Inc. v. Coldwater Creek Inc., No. 06-CV-01848-H (POR), 2009 U.S. Dist. LEXIS 4005, 2009 WL 160235, at *5 (S.D. Cal. Jan. 20, 2009) (denying prejudgment interest because "Coldwater's decision to fully litigate its infringement of the 'Carolina' copyright was not needless delay, as there were legitimate disputes over infringement" that warranted the litigation). In these circumstances, prejudgment interest would not have been warranted. See Renoir, 305 F. App'x at 339.

V. CONCLUSION

The Court concludes as follows: (1) defendants' motion for judgment as a matter of law is **GRANTED** and the jury's verdicts as to liability and damages are **VACATED** because plaintiffs' fail to satisfy the extrinsic **[*55]** test; (2) defendants' motion for a new trial is **DENIED AS MOOT**; and (3) plaintiffs' motion for prejudgment interest is **DENIED AS MOOT**, as are any related evidentiary objections.

In the event that the Court of Appeals were to find that judgment as a matter of law on the extrinsic test is not appropriate in this case, the Court conditionally grants a new trial because, for the same reasons set forth above, the jury's findings on the extrinsic test and damages are against the clear weight of the evidence. See [Fed. R. Civ. Proc. 50\(c\)\(1\)](#).

IT IS SO ORDERED.

Hall v. Swift

United States Court of Appeals for the Ninth Circuit

October 15, 2019, Argued and Submitted, San Diego, California; October 28, 2019, Filed

No. 18-55426

Reporter

782 Fed. Appx. 639 *; 2019 U.S. App. LEXIS 32272 **; Copy. L. Rep. (CCH) P31,545; 2019 U.S.P.Q.2D (BNA) 412337; 2019 WL 5543864

SEAN HALL, doing business as Gimme Some Hot Sauce Music, an individual; NATHAN BUTLER, doing business as Faith Force Music, an individual, Plaintiffs-Appellants, v. TAYLOR SWIFT, an individual; et al., Defendants-Appellees.

Disposition: REVERSED and REMANDED.

Counsel: For SEAN HALL, doing business as Gimme Some Hot Sauce Music, an individual, NATHAN BUTLER, doing business as Faith Force Music, an individual, Plaintiffs - Appellants: Marina V. Bogorad, Esquire, Attorney, Lauren Michelle Greene, Gerard Fox Law, P.C., Los Angeles, CA; Gerard P. Fox, Trial Attorney, Law Offices of Gerard Fox, Inc., Los Angeles, CA.

For TAYLOR SWIFT, an individual, SONY ATV MUSIC PUBLISHING, LLC, a Delaware Corporation, KOBALT MUSIC PUBLISHING AMERICA INC., Delaware Corporation, UNIVERSAL MUSIC GROUP, INC., a California Corporation, KARL MARTIN SANDBERG, an individual, KARL JOHAN SCHUSTER, an individual, Defendants - Appellees: Peter J. Anderson, Esquire, Davis Wright Tremaine LLP, Los Angeles, CA.

Judges: Before: HURWITZ, OWENS, and LEE, Circuit Judges.

Opinion

[*639] MEMORANDUM*

Sean Hall and Nathan Butler (together, Hall) appeal from the district court's dismissal under [Federal Rule of Civil Procedure 12\(b\)\(6\)](#) of their complaint against Taylor Swift, Martin Sandberg, and Karl Schuster (together, Swift) alleging copyright infringement. The complaint alleged that Swift's hit song **[**2]** *Shake It Off* (2014) illegally copied a six-word phrase and a four-part lyrical sequence from Hall's *Playas Gon' Play* (2001). We have jurisdiction under [28 U.S.C. § 1291](#), and we review de novo the district court's dismissal under [Rule 12\(b\)\(6\)](#). See [Dougherty v. City of Covina](#), [654 F.3d 892, 897 \(9th Cir. 2011\)](#). As the parties are familiar with the facts, we do not recount them here. We reverse and remand.

The district court dismissed the complaint based on a lack of originality in the pertinent portions of Hall's work. See [Satava v. Lowry](#), [323 F.3d 805, 810 \(9th Cir. 2003\)](#) ("Any copyrighted expression must be 'original.' Although the

* This disposition is not appropriate for publication and is not precedent except as provided by [Ninth Circuit Rule 36-3](#).

amount of creative input . . . required to meet the originality standard is low, it is not negligible." (citing [Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., Inc.](#), 499 U.S. 340, 345, 362, 111 S. Ct. 1282, 113 L. Ed. 2d 358 (1991))); see also 1 [Nimmer on Copyright § 2.05\[B\]](#) (2017) (noting that originality is established when "the work originates in the author" and "has a spark that goes beyond the banal or trivial"). Even taking into account the matters of which the district court took judicial notice, see [United States v. Ritchie](#), 342 F.3d 903, 907-08 (9th Cir. 2003), Hall's complaint still plausibly alleged originality. See [Ashcroft v. Iqbal](#), 556 U.S. 662, 678, 129 S. Ct. 1937, 173 L. Ed. 2d 868 (2009).

Originality, as we have long recognized, is normally a question of fact. See [Dezendorf v. Twentieth Century-Fox Film Corp.](#), 99 F.2d 850, 851 (9th Cir. 1938) (stating that the "question of originality . . . is one of fact, not of law" (internal quotation [*640] marks omitted)). Indeed, as Justice Holmes long ago cautioned:

It would be a dangerous undertaking for [*3] persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits. At the one extreme, some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke. . . . At the other end, copyright would be denied to pictures which appealed to a public less educated than the judge. . . . [A]nd the taste of any public is not to be treated with contempt.

[Bleistein v. Donaldson Lithographing Co.](#), 188 U.S. 239, 251-52, 23 S. Ct. 298, 47 L. Ed. 460, 1903 Dec. Comm'r Pat. 650 (1903).

Justice Holmes' century-old warning remains valid. By concluding that, "for such short phrases to be protected under the [Copyright Act](#), they must be more creative than the lyrics at issues here," the district court constituted itself as the final judge of the worth of an expressive work. Because the absence of originality is not established either on the face of the complaint or through the judicially noticed matters, we reverse the district court's dismissal under [Rule 12\(b\)\(6\)](#).¹ 1 Swift argues that this Court should affirm the district court's decision on other grounds. However, we decline to do so. The district court may consider Swift's alternative arguments [**4] on remand.

REVERSED and REMANDED.

ProCD, Inc. v. Zeidenberg

United States Court of Appeals for the Seventh Circuit

May 23, 1996, Argued ; June 20, 1996, Decided

No. 96-1139

Reporter

86 F.3d 1447 *; 1996 U.S. App. LEXIS 14951 **; 39 U.S.P.Q.2D (BNA) 1161 ***; Copy. L. Rep. (CCH) P27,529; 29 U.C.C. Rep. Serv. 2d (Callaghan) 1109

PROCD, INCORPORATED, Plaintiff-Appellant, v. MATTHEW ZEIDENBERG and SILKEN MOUNTAIN WEB SERVICES, INC., Defendants-Appellees.

Disposition: REVERSED AND REMANDED

Counsel: For PROCD, INCORPORATED, Plaintiff - Appellant: Michael J. Lawton, Kenneth B. Axe, LATHROP & CLARK, Madison, WI, USA. Thomas N. O'Connor, John T. Gutkoski, Lauren C. Panora, HALE & DORR, Boston, MA, USA.

For MATTHEW ZEIDENBERG, SILKEN MOUNTAIN WEB SERVICES, INCORPORATED, Defendants - Appellees: Keith Napolitano, Madison, WI, USA. David A. Austin, Madison, WI.

For INFORMATION INDUSTRY ASSOCIATION, AMERICAN MEDICAL ASSOCIATION, ASSOCIATION OF AMERICAN PUBLISHERS, Amicus Curiae: June M. Besek, Morton D. Goldberg, Jesse M. Feder, SCHWAB, GOLDBERG, PRICE & DANNAY, New York, NY.

For BUSINESS SOFTWARE ALLIANCE, Amicus Curiae: Christopher A. Meyer, Michael R. Klipper, MEYER & KLIPPER, Washington, DC.

For SOFTWARE PUBLISHERS ASSOCIATION, Amicus Curiae: Barry D. Weiss, Stuart Smith, Ronald Julian Palenski, GORDON & GLICKSON, Chicago, IL, USA. Kenneth A. Wasch, Mark Nebergall, SOFTWARE PUBLISHERS ASSOCIATION, INC., Washington, DC.

For AMERICAN COMMITTEE FOR INTEROPERABLE SYSTEMS, Amicus Curiae: Mark Alan Lemley, UNIVERSITY [**2] OF TEXAS SCHOOL OF LAW, Austin, TX. Peter M.C. Choy, AMERICAN COMMITTEE FOR INTEROPERABLE SYSTEMS, Mountain View, CA.

Judges: Before COFFEY, FLAUM, and EASTERBROOK, Circuit Judges.

Opinion by: EASTERBROOK

Opinion

[**1161] [*1448] EASTERBROOK, *Circuit Judge*. Must buyers of computer software obey the terms of shrinkwrap licenses? The [*1449] district court held not, for two reasons: first, they are not contracts because the licenses are inside the box rather than printed on the outside; second, federal law forbids enforcement even if the licenses are contracts. [*908 F. Supp. 640 \(W.D. Wis. 1996\)*](#). The parties and numerous amici curiae have briefed many other issues, but these are the only two that matter--and we disagree with the district judge's conclusion on each. [HN1\[↑\]](#) Shrinkwrap licenses are enforceable unless their terms are objectionable on grounds applicable to contracts in general (for example, if they violate a rule of positive law, or if they are unconscionable). Because no one argues that the terms of the license at [**1162] issue here are troublesome, we remand with instructions to enter judgment for the plaintiff.

I

ProCD, the plaintiff, has compiled information from more than 3,000 telephone directories into a computer [**3] database. We may assume that this database cannot be copyrighted, although it is more complex, contains more information (nine-digit zip codes and census industrial codes), is organized differently, and therefore is more original than the single alphabetical directory at issue in [*Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 113 L. Ed. 2d 358, 111 S. Ct. 1282 \(1991\)](#). See Paul J. Heald, *The Vices of Originality*, 1991 Sup. Ct. Rev. 143, 160-68. ProCD sells a version of the database, called SelectPhone (trademark), on CD-ROM discs. (CD-ROM means "compact disc--read only memory." The "shrinkwrap license" gets its name from the fact that retail software packages are covered in plastic or cellophane "shrinkwrap," and some vendors, though not ProCD, have written licenses that become effective as soon as the customer tears the wrapping from the package. Vendors prefer "end user license," but we use the more common term.) A proprietary method of compressing the data serves as effective encryption too. Customers decrypt and use the data with the aid of an application program that ProCD has written. This program, which is copyrighted, searches the database in response to users' criteria (such as [**4] "find all people named Tatum in Tennessee, plus all firms with 'Door Systems' in the corporate name"). The resulting lists (or, as ProCD prefers, "listings") can be read and manipulated by other software, such as word processing programs.

The database in SelectPhone (trademark) cost more than \$ 10 million to compile and is expensive to keep current. It is much more valuable to some users than to others. The combination of names, addresses, and sic codes enables manufacturers to compile lists of potential customers. Manufacturers and retailers pay high prices to specialized information intermediaries for such mailing lists; ProCD offers a potentially cheaper alternative. People with nothing to sell could use the database as a substitute for calling long distance information, or as a way to look up old friends who have moved to unknown towns, or just as a electronic substitute for the local phone book. ProCD decided to engage in price discrimination, selling its database to the general public for personal use at a low price (approximately \$ 150 for the set of five discs) while selling information to the trade for a higher price. It has adopted some intermediate strategies too: access [**5] to the SelectPhone (trademark) database is available via the America On-line service for the price America Online charges to its clients (approximately \$ 3 per hour), but this service has been tailored to be useful only to the general public.

If ProCD had to recover all of its costs and make a profit by charging a single price--that is, if it could not charge more to commercial users than to the general public--it would have to raise the price substantially over \$ 150. The ensuing reduction in sales would harm consumers who value the information at, say, \$ 200. They get consumer surplus of \$ 50 under the current arrangement but would cease to buy if the price rose substantially. If because of high elasticity of demand in the consumer segment of the market the only way to make a profit turned out to be a price attractive to commercial users alone, then all consumers would lose out--and so would the commercial clients, who would have to pay more for the listings because ProCD could not obtain any contribution toward costs from the consumer market.

[*1450] To make price discrimination work, however, the seller must be able to control arbitrage. An air carrier sells tickets for less to vacationers [**6] than to business travelers, using advance purchase and Saturday-night-stay requirements to distinguish the categories. A producer of movies segments the market by time, releasing first to theaters, then to pay-per-view services, next to the videotape and laserdisc market, and finally to cable and commercial tv. Vendors of computer software have a harder task. Anyone can walk into a retail store and buy a box. Customers do not wear tags saying "commercial user" or "consumer user." Anyway, even a commercial-user-detector

at the door would not work, because a consumer could buy the software and resell to a commercial user. That arbitrage would break down the price discrimination and drive up the minimum price at which ProCD would sell to anyone.

Instead of tinkering with the product and letting users sort themselves--for example, furnishing current data at a high price that would be attractive only to commercial customers, and two-year-old data at a low price--ProCD turned to the institution of contract. Every box containing its consumer product declares that the software comes with restrictions stated in an enclosed license. This license, which is encoded on the CD-ROM disks as well **[**7]** as printed in the manual, and which appears on a user's *****1163** screen every time the software runs, limits use of the application program and listings to non-commercial purposes.

Matthew Zeidenberg bought a consumer package of SelectPhone (trademark) in 1994 from a retail outlet in Madison, Wisconsin, but decided to ignore the license. He formed Silken Mountain Web Services, Inc., to resell the information in the SelectPhone (trademark) database. The corporation makes the database available on the Internet to anyone willing to pay its price--which, needless to say, is less than ProCD charges its commercial customers. Zeidenberg has purchased two additional SelectPhone (trademark) packages, each with an updated version of the database, and made the latest information available over the World Wide Web, for a price, through his corporation. ProCD filed this suit seeking an injunction against further dissemination that exceeds the rights specified in the licenses (identical in each of the three packages Zeidenberg purchased). The district court held the licenses ineffectual because their terms do not appear on the outside of the packages. The court added that the second and third licenses stand **[**8]** no different from the first, even though they are identical, because they *might* have been different, and a purchaser does not agree to--and cannot be bound by--terms that were secret at the time of purchase. [908 F. Supp. at 654](#).

II

Following the district court, we treat the licenses as ordinary contracts accompanying the sale of products, and therefore as governed by the common law of contracts and the Uniform Commercial Code. Whether there are legal differences between "contracts" and "licenses" (which may matter under the copyright doctrine of first sale) is a subject for another day. See [Microsoft Corp. v. Harmony Computers & Electronics, Inc., 846 F. Supp. 208 \(E.D. N.Y. 1994\)](#). Zeidenberg does not argue that Silken Mountain Web Services is free of any restrictions that apply to Zeidenberg himself, because any effort to treat the two parties as distinct would put Silken Mountain behind the eight ball on ProCD's argument that copying the application program onto its hard disk violates the copyright laws. Zeidenberg does argue, and the district court held, that placing the package of software on the shelf is an "offer," which the customer "accepts" by paying the asking **[**9]** price and leaving the store with the goods. [Peeters v. State, 154 Wis. 111, 142 N.W. 181 \(1913\)](#). In Wisconsin, as elsewhere, [HN2](#)[↑] a contract includes only the terms on which the parties have agreed. One cannot agree to hidden terms, the judge concluded. So far, so good--but one of the terms to which Zeidenberg agreed by purchasing the software is that the transaction was subject to a license. Zeidenberg's position therefore must be that the printed terms on the outside of a box are the parties' contract--except for printed terms that refer to or incorporate other terms. But why would Wisconsin fetter the parties' choice in this **[*1451]** way? Vendors can put the entire terms of a contract on the outside of a box only by using microscopic type, removing other information that buyers might find more useful (such as what the software does, and on which computers it works), or both. The "Read Me" file included with most software, describing system requirements and potential incompatibilities, may be equivalent to ten pages of type; warranties and license restrictions take still more space. Notice on the outside, terms on the inside, and a right to return the software for a refund if the terms are **[**10]** unacceptable (a right that the license expressly extends), may be a means of doing business valuable to buyers and sellers alike. See E. Allan Farnsworth, 1 *Farnsworth on Contracts* § 4.26 (1990); *Restatement (2d) of Contracts* § 211 comment a (1981) ("Standardization of agreements serves many of the same functions as standardization of goods and services; both are essential to a system of mass production and distribution. Scarce and costly time and skill can be devoted to a class of transactions rather than the details of individual transactions."). Doubtless a state could forbid the use of standard contracts in the software business, but we do not think that Wisconsin has done so.

Transactions in which the exchange of money precedes the communication of detailed terms are common. Consider the purchase of insurance. The buyer goes to an agent, who explains the essentials (amount of coverage, number of

years) and remits the premium to the home office, which sends back a policy. On the district judge's understanding, the terms of the policy are irrelevant because the insured paid before receiving them. Yet the device of payment, often with a "binder" (so that the insurance **[**11]** takes effect immediately even though the home office reserves the right to withdraw coverage later), in advance of the policy, serves buyers' interests by accelerating effectiveness and reducing transactions costs. Or consider the purchase of an airline ticket. The traveler calls the carrier or an agent, is quoted a price, reserves a seat, pays, and gets a ticket, in that order. The ticket contains **[***1164]** elaborate terms, which the traveler can reject by canceling the reservation. To use the ticket is to accept the terms, even terms that in retrospect are disadvantageous. See [*Carnival Cruise Lines, Inc. v. Shute*, 499 U.S. 585, 113 L. Ed. 2d 622, 111 S. Ct. 1522 \(1991\)](#); see also [*Vimar Seguros y Reaseguros, S.A. v. M/V Sky Reefer*, 132 L. Ed. 2d 462, 115 S. Ct. 2322 \(1995\)](#) (bills of lading). Just so with a ticket to a concert. The back of the ticket states that the patron promises not to record the concert; to attend is to agree. A theater that detects a violation will confiscate the tape and escort the violator to the exit. One *could* arrange things so that every concertgoer signs this promise before forking over the money, but that cumbersome way of doing things not only would lengthen queues and raise prices but also would scotch the **[**12]** sale of tickets by phone or electronic data service.

Consumer goods work the same way. Someone who wants to buy a radio set visits a store, pays, and walks out with a box. Inside the box is a leaflet containing some terms, the most important of which usually is the warranty, read for the first time in the comfort of home. By Zeidenberg's lights, the warranty in the box is irrelevant; every consumer gets the standard warranty implied by the UCC in the event the contract is silent; yet so far as we are aware no state disregards warranties furnished with consumer products. Drugs come with a list of ingredients on the outside and an elaborate package insert on the inside. The package insert describes drug interactions, contraindications, and other vital information--but, if Zeidenberg is right, the purchaser need not read the package insert, because it is not part of the contract.

Next consider the software industry itself. Only a minority of sales take place over the counter, where there are boxes to peruse. A customer may place an order by phone in response to a line item in a catalog or a review in a magazine. Much software is ordered over the Internet by purchasers who have never **[**13]** seen a box. Increasingly software arrives by wire. There is no box; there is only a stream of electrons, a collection of information that includes data, an application program, instructions, many limitations ("MegaPixel 3.14159 cannot be used with Byte-Pusher 2.718"), and the terms of **[*1452]** sale. The user purchases a serial number, which activates the software's features. On Zeidenberg's arguments, these unboxed sales are unfettered by terms--so the seller has made a broad warranty and must pay consequential damages for any shortfalls in performance, two "promises" that if taken seriously would drive prices through the ceiling or return transactions to the horse-and-buggy age.

According to the district court, the UCC does not countenance the sequence of money now, terms later. (Wisconsin's version of the UCC does not differ from the Official Version in any material respect, so we use the regular numbering system. [*Wis. Stat. § 402.201*](#) corresponds to [*UCC § 2-201*](#), and other citations are easy to derive.) One of the court's reasons--that by proposing as part of the draft Article 2B a new UCC § 2-2203 that would explicitly validate standard-form user licenses, the American Law Institute and **[**14]** the National Conference of Commissioners on Uniform Laws have conceded the invalidity of shrinkwrap licenses under current law, see [*908 F. Supp. at 655-66*](#)--depends on a faulty inference. To propose a change in a law's *text* is not necessarily to propose a change in the law's *effect*. New words may be designed to fortify the current rule with a more precise text that curtails uncertainty. To judge by the flux of law review articles discussing shrinkwrap licenses, uncertainty is much in need of reduction--although businesses seem to feel less uncertainty than do scholars, for only three cases (other than ours) touch on the subject, and none directly addresses it. See [*Step-Saver Data Systems, Inc. v. Wyse Technology*, 939 F.2d 91 \(3d Cir. 1991\)](#); [*Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255, 268-70 \(5th Cir. 1988\)](#); [*Arizona Retail Systems, Inc. v. Software Link, Inc.*, 831 F. Supp. 759 \(D. Ariz. 1993\)](#). As their titles suggest, these are not consumer transactions. *Step-Saver* is a battle-of-the-forms case, in which the parties exchange incompatible forms and a court must decide which prevails. See [*Northrop Corp. v. Litronic Industries*, 29 F.3d 1173 \(7th Cir. 1994\)](#) **[**15]** (Illinois law); Douglas G. Baird & Robert Weisberg, *Rules, Standards, and the Battle of the Forms: A Reassessment of § 2-207*, [*68 Va. L. Rev.* 1217, 1227-31 \(1982\)](#). Our case has only one form; [*UCC § 2-207*](#) is irrelevant. *Vault* holds that Louisiana's special shrinkwrap-license statute is preempted by federal law, a question to which we return. And *Arizona Retail Systems* did not reach the question, because the court found that the buyer knew the terms of the license before purchasing the software.

What then does the current version of the UCC have to say? We think that the place to start is [§ 2-204\(1\)](#): [HN3](#)[↑] "A contract for sale of goods may be made in any manner sufficient to show agreement, including conduct by both parties which recognizes the existence of such a contract." A vendor, as master of the offer, may invite acceptance by [\[**1165\]](#) conduct, and may propose limitations on the kind of conduct that constitutes acceptance. A buyer may accept by performing the acts the vendor proposes to treat as acceptance. And that is what happened. ProCD proposed a contract that a buyer would accept by *using* the software after having an opportunity to read the license at leisure. This Zeidenberg [\[**16\]](#) did. He had no choice, because the software splashed the license on the screen and would not let him proceed without indicating acceptance. So although the district judge was right to say that a contract can be, and often is, formed simply by paying the price and walking out of the store, the UCC permits contracts to be formed in other ways. ProCD proposed such a different way, and without protest Zeidenberg agreed. Ours is not a case in which a consumer opens a package to find an insert saying "you owe us an extra \$ 10,000" and the seller files suit to collect. Any buyer finding such a demand can prevent formation of the contract by returning the package, as can any consumer who concludes that the terms of the license make the software worth less than the purchase price. Nothing in the UCC requires a seller to maximize the buyer's net gains.

[Section 2-606](#), which defines "acceptance of goods", reinforces this understanding. [HN4](#)[↑] A buyer accepts goods under [§ 2-606\(1\)\(b\)](#) when, after an opportunity to inspect, he fails to make an effective rejection under [§ 2-602\(1\)](#). ProCD extended an opportunity to reject if a buyer should find the license terms [\[**1453\]](#) unsatisfactory; Zeidenberg inspected the [\[**17\]](#) package, tried out the software, learned of the license, and did not reject the goods. We refer to [§ 2-606](#) only to show that the opportunity to return goods can be important; acceptance of an offer differs from acceptance of goods after delivery, see [Gillen v. Atalanta Systems, Inc., 997 F.2d 280, 284 n.1 \(7th Cir. 1993\)](#); but the UCC consistently permits the parties to structure their relations so that the buyer has a chance to make a final decision after a detailed review.

Some portions of the UCC impose additional requirements on the way parties agree on terms. [HN5](#)[↑] A disclaimer of the implied warranty of merchantability must be "conspicuous." [UCC § 2-316\(2\)](#), incorporating [UCC § 1-201\(10\)](#). Promises to make firm offers, or to negate oral modifications, must be "separately signed." [UCC §§ 2-205, 2-209\(2\)](#). These special provisos reinforce the impression that, so far as the UCC is concerned, other terms may be as inconspicuous as the forum-selection clause on the back of the cruise ship ticket in *Carnival Lines*. Zeidenberg has not located any Wisconsin case--for that matter, any case in any state--holding that under the UCC the ordinary terms found in shrinkwrap licenses require [\[**18\]](#) any special prominence, or otherwise are to be undercut rather than enforced. In the end, the terms of the license are conceptually identical to the contents of the package. Just as no court would dream of saying that SelectPhone (trademark) must contain 3,100 phone books rather than 3,000, or must have data no more than 30 days old, or must sell for \$ 100 rather than \$ 150--although any of these changes would be welcomed by the customer, if all other things were held constant--so, we believe, Wisconsin would not let the buyer pick and choose among terms. Terms of use are no less a part of "the product" than are the size of the database and the speed with which the software compiles listings. Competition among vendors, not judicial revision of a package's contents, is how consumers are protected in a market economy. [Digital Equipment Corp. v. Unig Digital Technologies, Inc., 73 F.3d 756 \(7th Cir. 1996\)](#). ProCD has rivals, which may elect to compete by offering superior software, monthly updates, improved terms of use, lower price, or a better compromise among these elements. As we stressed above, adjusting terms in buyers' favor might help Matthew Zeidenberg today (he already has [\[**19\]](#) the software) but would lead to a response, such as a higher price, that might make consumers as a whole worse off.

III

The district court held that, even if Wisconsin treats shrinkwrap licenses as contracts, [§ 301\(a\)](#) of the Copyright Act, [17 U.S.C. § 301\(a\)](#), prevents their enforcement. [908 F. Supp. at 656-59](#). The relevant part of [§ 301\(a\)](#) [HN6](#)[↑] preempts any "legal or equitable rights [under state law] that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103". ProCD's software and data are "fixed in a tangible medium of expression", and the district judge held that they are "within the subject matter of copyright". The latter conclusion is plainly right for the copyrighted application program, and the judge

thought that the data likewise are "within the subject matter of copyright" even if, after *Feist*, they are not sufficiently original to be copyrighted. [908 F. Supp. at 656-57](#). [*Baltimore Orioles, Inc. v. Major League Baseball Players Ass'n*, 805 F.2d 663, \[**20\] 676 \[***1166\] \(7th Cir. 1986\)](#), supports that conclusion, with which commentators agree. E.g., Paul Goldstein, III *Copyright* § 15.2.3 (2d ed. 1996); Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 101[B] (1995); William F. Patry, II *Copyright Law and Practice* 1108-09 (1994). [HNT](#) [↑] One function of [§ 301\(a\)](#) is to prevent states from giving special protection to works of authorship that Congress has decided should be in the public domain, which it can accomplish only if "subject matter of copyright" includes all works of a *type* covered by sections 102 and 103, even if federal law does not afford protection to them. Cf. [*Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 103 L. Ed. 2d 118, 109 S. Ct. 971 \(1989\)](#) (same principle under patent laws).


[*1454] But are rights created by contract "equivalent to any of the exclusive rights within the general scope of copyright"? Three courts of appeals have answered "no." [*National Car Rental Systems, Inc. v. Computer Associates International, Inc.*, 991 F.2d 426, 433 \(8th Cir. 1993\)](#); [*Taquino v. Teledyne Monarch Rubber*, 893 F.2d 1488, 1501 \(5th Cir. 1990\)](#); [*Acorn Structures, Inc. v. Swantz*, 846 F.2d 923, 926 \(4th Cir. 1988\)](#). The district court disagreed [**21] with these decisions, [908 F. Supp. at 658](#), but we think them sound. Rights "equivalent to any of the exclusive rights within the general scope of copyright" are rights established *by law*--rights that restrict the options of persons who are strangers to the author. Copyright law forbids duplication, public performance, and so on, unless the person wishing to copy or perform the work gets permission; silence means a ban on copying. [HNT](#) [↑] A copyright is a right against the world. Contracts, by contrast, generally affect only their parties; strangers may do as they please, so contracts do not create "exclusive rights." Someone who found a copy of SelectPhone (trademark) on the street would not be affected by the shrinkwrap license--though the federal copyright laws of their own force would limit the finder's ability to copy or transmit the application program.

Think for a moment about trade secrets. One common trade secret is a customer list. After *Feist*, a simple alphabetical list of a firm's customers, with address and telephone numbers, could not be protected by copyright. Yet [*Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 40 L. Ed. 2d 315, 94 S. Ct. 1879 \(1974\)](#), holds that contracts about trade secrets may be [**22] enforced--precisely because they do not affect strangers' ability to discover and use the information independently. If the amendment of [§ 301\(a\)](#) in 1976 overruled *Kewanee* and abolished consensual protection of those trade secrets that cannot be copyrighted, no one has noticed--though abolition is a logical consequence of the district court's approach. Think, too, about everyday transactions in intellectual property. A customer visits a video store and rents a copy of *Night of the Lepus*. The customer's contract with the store limits use of the tape to home viewing and requires its return in two days. May the customer keep the tape, on the ground that [§ 301\(a\)](#) makes the promise unenforceable?

A law student uses the LEXIS database, containing public-domain documents, under a contract limiting the results to educational endeavors; may the student resell his access to this database to a law firm from which LEXIS seeks to collect a much higher hourly rate? Suppose ProCD hires a firm to scour the nation for telephone directories, promising to pay \$ 100 for each that ProCD does not already have. The firm locates 100 new directories, which it sends to ProCD with an invoice for [**23] \$ 10,000. ProCD incorporates the directories into its database; does it have to pay the bill? Surely yes; [*Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 59 L. Ed. 2d 296, 99 S. Ct. 1096 \(1979\)](#), holds that promises to pay for intellectual property may be enforced even though federal law (in *Aronson*, the patent law) offers no protection against third-party uses of that property. See also [*Kennedy v. Wright*, 851 F.2d 963 \(7th Cir. 1988\)](#). But these illustrations are what our case is about. ProCD offers software and data for two prices: one for personal use, a higher price for commercial use. Zeidenberg wants to use the data without paying the seller's price; if the law student and Quick Point Pencil Co. could not do that, neither can Zeidenberg.

Although Congress possesses power to preempt even the enforcement of contracts about intellectual property--or railroads, on which see [*Norfolk & Western Ry. v. Train Dispatchers*, 499 U.S. 117, 111 S. Ct. 1156, 113 L. Ed. 2d 95 \(1991\)](#)--courts usually read preemption clauses to leave private contracts unaffected. [*American Airlines, Inc. v. Wolens*, 130 L. Ed. 2d 715, 115 S. Ct. 817 \(1995\)](#), provides a nice illustration. A federal statute preempts any state "law, rule, regulation, standard, or other provision . . . relating [**24] to rates, routes, or services of any air carrier." 49 U.S.C. App. § 1305(a)(1). Does such a law preempt the law of contracts--so that, for example, an air carrier need not honor a quoted price (or a contract to reduce the price by the value of frequent flyer miles)? The Court allowed that it is possible to read the statute that [*1455] broadly but thought such an interpretation would make little

sense. [***1167] Terms and conditions offered by contract reflect private ordering, essential to the efficient functioning of markets. [115 S. Ct. at 824-25](#). Although some principles that carry the name of contract law are designed to defeat rather than implement consensual transactions, [id. at 826 n.8](#), the rules that respect private choice are not preempted by a clause such as § 1305(a)(1). [Section 301\(a\)](#) plays a role similar to § 1301(a)(1): it prevents states from substituting their own regulatory systems for those of the national government. Just as [§ 301\(a\)](#) does not itself interfere with private transactions in intellectual property, so it does not prevent states from respecting those transactions. Like the Supreme Court in *Wolens*, we think it prudent to refrain from adopting a rule that anything [**25] with the label "contract" is necessarily outside the preemption clause: the variations and possibilities are too numerous to foresee. *National Car Rental* likewise recognizes the possibility that some applications of the law of contract could interfere with the attainment of national objectives and therefore come within the domain of [§ 301\(a\)](#). But general enforcement of shrinkwrap licenses of the kind before us does not create such interference.

Aronson emphasized that enforcement of the contract between Aronson and Quick Point Pencil Company would not withdraw any information from the public domain. That is equally true of the contract between ProCD and Zeidenberg. Everyone remains free to copy and disseminate all 3,000 telephone books that have been incorporated into ProCD's database. Anyone can add sic codes and zip codes. ProCD's rivals have done so. Enforcement of the shrinkwrap license may even make information more readily available, by reducing the price ProCD charges to consumer buyers. To the extent licenses facilitate distribution of object code while concealing the source code (the point of a clause forbidding disassembly), they serve the same procompetitive functions [**26] as does the law of trade secrets. [Rockwell Graphic Systems, Inc. v. DEV Industries, Inc., 925 F.2d 174, 180 \(7th Cir. 1991\)](#). Licenses may have other benefits for consumers: many licenses permit users to make extra copies, to use the software on multiple computers, even to incorporate the software into the user's products. But whether a particular license is generous or restrictive, [HN9](#)  a simple two-party contract is not "equivalent to any of the exclusive rights within the general scope of copyright" and therefore may be enforced.

REVERSED AND REMANDED

Shepard v. European Pressphoto Agency

United States District Court for the Southern District of New York

December 20, 2017, Decided; December 20, 2017, Filed

17 Civ. 4434 (LLS)

Reporter

291 F. Supp. 3d 465 *; 2017 U.S. Dist. LEXIS 210507 **

ANDREA SHEPARD & SHIRLEY SHEPARD, Plaintiffs, - against - EUROPEAN PRESSPHOTO AGENCY, ALAMY LIMITED, ALAMY, INC. and JOHN DOES (1-5), Defendants.

Outcome

Motion to dismiss granted in part and denied in part.

Counsel: **[**1]** For Andrea Shepard, Shirley Shepard, Plaintiffs: Kevin F. Murphy, Garson, Segal, Steinmetz, Fladgate LLP, New York, NY.

For European Pressphoto Agency, Alamy Limited, Alamy, Inc., Defendants: Brittany Laine Kaplan, Lindsay Warren Bowen, Jr, Nancy Evelyn Wolff, Cowan, DeBaets, Abrahams & Sheppard LLP, New York, NY.

Judges: LOUIS L. STANTON, United States District Judge.

Opinion by: LOUIS L. STANTON

Opinion

[*468] OPINION & ORDER

This case arises from defendants' alleged unauthorized publication of artworks authored by plaintiffs. Plaintiffs assert four claims for relief: (1) copyright infringement, (2) false designation of origin, (3) breach of contract, and (4) unfair competition. Defendants move, under [Rule 12\(b\)\(6\) of the Federal Rules of Civil Procedure](#), to dismiss the second, third, and fourth counts for failure to state a claim upon which relief can be granted, on the grounds that those claims are preempted by the Copyright Act. For the reasons that follow, the motion is granted in part and denied in part.

BACKGROUND

The following facts are as alleged in the complaint (Dkt. No. 1).

Plaintiffs Andrea Shepard and Shirley Shepard are courtroom artists who create pastel drawings featuring public figures and celebrities during courtroom proceedings. Compl. ¶¶ 1-2. The Shepards **[**2]** earn a living from the sale of their artworks, which have gained significant accolades and recognition over the years. *Id.* ¶ 3.

Defendant European Pressphoto Agency is an international news photo service that maintains a large archive of pictures. Id. ¶ 4. European Pressphoto Agency's website states that its pictures are "generated by a network of more than 400 photographers worldwide." Id. ¶ 4, Ex. 2. Between 2003 and 2012, European Pressphoto Agency entered into licensing agreements with the Shepards. Id. ¶ 4.

Defendant Alamy Limited is a stock photograph agency headquartered in the United Kingdom that archives, markets, and sell images. Id. ¶ 5. Defendant Alamy, Inc. is a New York corporation that distributes Alamy Limited's images throughout the United States. Id. ¶ 6. Alamy Limited and Alamy, Inc. have no licensing agreements with the Shepards. Id. ¶¶ 5-6.

Between 2005 and 2012, the Shepards created pastel drawings featuring Zacarias Moussaoui, Haji Bashir Noorzai, Tarik Shah, Tim Donaghy, Faisal Shahzad, Christopher Coke, Khaled Al Fawwaz, Abdel Bary, Abu Hama Al Masri, and ten individuals accused of espionage on behalf of the Russian Federation. Id. ¶¶ 12-14, 17-21. They licensed **[**3]** those works to European Pressphoto Agency for one day only. Id. During that time, the Shepards also created pastel drawings featuring Russell Crow and Michael Ray Aquino, and licensed those works to one or more of the John Doe defendants for one day only. Id. ¶¶ 15-16.

European Pressphoto Agency published the artworks that it licensed from the Shepards after the expiration of the one day license, without the Shepards' authorization. Id. ¶ 23-24, 36. Alamy Limited published a number of the Shepards' artworks without the Shepards' authorization, and never having obtained licenses from the Shepards. Id. ¶¶ 25-35, 37. Additionally, Alamy Limited imprinted an Alamy watermark on the images of the Shepards' artworks published on its website and inaccurately represented them as "royalty-free." Id. ¶ 37.


[*469] The Shepards hold copyright registrations for the above artworks from the United States Copyright Office. Id. ¶ 22.

The Shepards claim that (1) defendants' unauthorized publication of their artworks constitutes copyright infringement, (2) European Pressphoto Agency's listing the copyrighted images as part of a network and Alamy Limited's imprinting the images with its Alamy watermark constitute **[**4]** false designation of origin in violation of the Lanham Act, (3) European Pressphoto Agency's use of the artworks after the one day license is a breach of contract, and (4) defendants' exceeding the scope of the one day licenses and wrongfully labeling the artwork as their own is unfair competition under New York law. Id. ¶¶ 39-60.

Defendants argue that even if the underlying allegations are true, the claims for false designation of origin, breach of contract, and unfair competition must be dismissed because they are preempted by the Copyright Act.

DISCUSSION

1. False Designation of Origin

HN1  [Section 43\(a\)](#) of the Lanham Act "prohibits, *inter alia*, misrepresentation likely to cause confusion about the source of a product." [Scholastic, Inc. v. Stouffer, 124 F. Supp. 2d 836, 841 \(S.D.N.Y. 2000\)](#). It provides:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the **[**5]** origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

[15 U.S.C. § 1125\(a\)\(1\)](#).

HN2 [↑] "A party establishes liability under [Section 43\(a\)](#) of the Lanham Act if it can demonstrate '(1) that it has a valid trademark entitled to protection under the Act, and (2) defendant's actions are "likely to cause confusion."' "[Estate of Ellington ex rel. Ellington v. Harbrew Imports Ltd.](#), 812 F. Supp. 2d 186, 192 (E.D.N.Y. 2011), quoting [Phillip Morris USA Inc. v. Marlboro Express, No. 03 Civ. 1161 \(CPS\), 2005 U.S. Dist. LEXIS 40359, 2005 WL 2076921, at *4 \(E.D.N.Y. Aug. 26, 2005\)](#).

The Shepards allege that European Pressphoto Agency's listing the Shepards' images as part of a network and Alamy Limited's imprinting the images with its Alamy watermark are likely to cause confusion as to the source of their images in violation of [section 43\(a\)](#).

Defendants argue that the Shepards' Lanham Act claim is foreclosed by the Supreme Court's holding in [Dastar Corp. v. Twentieth Century Fox Film Corp.](#), 539 U.S. 23, 123 S. Ct. 2041, 156 L. Ed. 2d 18 (2003). [Dastar](#) "addresses the interplay between copyright—which protects authors' rights in their creations—and unfair competition laws—which protect consumers from, *inter alia*, confusion as to the origin [**6] of goods." [Vaad L'Hafotzas Sichos, Inc. v. Krinsky](#), 133 F. Supp. 3d 527, 538 (E.D.N.Y. 2015). In [Dastar](#), Dastar produced an edited version of the television series "Crusade [**470] in Europe" under its own name, without referencing or giving credit to the creators of the Crusade series. [Dastar](#), 539 U.S. at 26-27, 123 S. Ct. at 2044. New Line Home Video, Inc., which held the exclusive right to distribute the Crusade series on video, sued under the Lanham Act for false designation of origin. [Id.](#) at 27, 123 S. Ct. at 2044-45. The Supreme Court held that New Line could not recover for false designation of origin because **HN3** [↑] the term "origin of goods" as used in the Lanham Act "refers to the producer of the tangible goods that are offered for sale, and not to the author of any idea, concept, or communication embodied in those goods." [Id.](#) at 37, 123 S. Ct. at 2050. Under that holding, "The right to copy creative works, with or without attribution, is the domain of copyright, not of trademark or unfair competition." [Freeplay Music, Inc. v. Cox Radio, Inc.](#), 409 F. Supp. 2d 259, 263 (S.D.N.Y. 2005), citing [Dastar](#), 539 U.S. at 33, 123 S. Ct. at 2048. Defendants maintain that [Dastar](#)'s holding requires dismissal of the Shepards' Lanham Act claim because it involves drawings which are subject to copyright law.

That argument is unavailing here because the Shepards also sell their artworks. Compl. ¶ 3. They are not only the authors of creative works (whose creative elements are protected by copyright) but [**7] also the producers of tangible goods that are offered for sale (whose makers have rights to be identified as their source), and as such, are able to assert a Lanham Act claim for false designation of origin. As the Supreme Court stated in [Dastar](#): "That claim would undoubtedly be sustained if Dastar had bought some of New Line's Crusade videotapes and merely repackaged them as its own." [Dastar](#), 539 U.S. at 31, 123 S. Ct. at 2046. As alleged, defendants obtained tangible goods (whether or not their creative value entitles them to copyright protection) that the Shepards created and sell (or copies of them), and falsely represented themselves as their source.

Defendants argue that Alamy's watermark indicates only that Alamy is "'the originator of the website' on which the images at issue appeared" and does not indicate that Alamy is the source of the drawing. Memo. (Dkt. No. 19) at 4; Reply (Dkt. No. 21) at 4, citing [Michael Grecco Photography, Inc. v. Everett Collection, Inc.](#), 589 F. Supp. 2d 375, 387 (S.D.N.Y. 2008) (vacated in part on other grounds).

That argument is beyond the scope of this motion. **HN4** [↑] On a motion to dismiss under [Rule 12\(b\)\(6\)](#), the court must "accept all factual allegations as true, and draw all reasonable inferences in the plaintiff's favor." [Austin v. Town of Farmington](#), 826 F.3d 622, 625 (2d Cir. 2016), citing [Chambers v. Time Warner, Inc.](#), 282 F.3d 147, 152 (2d Cir. 2002). The [Michael Grecco](#) case cited by defendants was decided on the evidence [**8] on a motion for summary judgment. Here, no evidence has been offered. The complaint alleges that defendants have misrepresented the source of pastel drawings that the Shepards offer for sale. Compl. ¶¶ 3, 49. Whether that is true or not may be in dispute. But as pleaded, it states a claim to relief under the Lanham Act that is distinct from, and not foreclosed by, the copyright infringement claim.

2. Breach of Contract

The Shepards allege that European Pressphoto Agency breached the parties' licensing agreement by publishing and

distributing the Shepards' artworks beyond the expiration of the one day license. Defendants argue that the breach of contract claim is preempted by the Copyright Act.

HN5 [↑] "When Congress revised the copyright laws in 1976, it specifically provided for preemption of all state rights equivalent to those within the scope of federal copyright law." [*471] Am. Movie Classics Co. v. Turner Entm't Co., 922 F. Supp. 926, 930 (S.D.N.Y. 1996). Section 301 of the Copyright Act provides:

On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified [**9] by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

17 U.S.C. § 301(a).

As the Second Circuit has stated:

HN6 [↑] The Copyright Act exclusively governs a claim when: (1) the particular work to which the claim is being applied falls within the type of works protected by the Copyright Act under 17 U.S.C. §§ 102 and 103, and (2) the claim seeks to vindicate legal or equitable rights that are equivalent to one of the bundle of exclusive rights already protected by copyright law under 17 U.S.C. § 106. See 17 U.S.C. § 301(a); Nat'l Basketball Ass'n v. Motorola, Inc., 105 F.3d 841, 848 (2d Cir. 1997). The first prong of this test is called the "subject matter requirement," and the second prong is called the "general scope requirement." See Nat'l Basketball Ass'n, 105 F.3d at 848.

The subject matter requirement is satisfied if the claim applies to a work of authorship fixed in a tangible medium of expression and falling within the ambit of one of the categories of copyrightable works. Id. at 848-49. * * *

The general scope requirement is satisfied only when the state-created right may be abridged by an act that would, by itself, infringe one of the exclusive rights provided by federal [**10] copyright law. Computer Assocs. Int'l, Inc. v. Altai, Inc., 982 F.2d 693, 716 (2d Cir. 1992). In other words, the state law claim must involve acts of reproduction, adaptation, performance, distribution or display. See 17 U.S.C. § 106; Computer Assocs., 982 F.2d at 716.

Further, **HN7** [↑] the state law claim must not include any extra elements that make it qualitatively different from a copyright infringement claim. See Nat'l Basketball Ass'n, 105 F.3d at 851; Computer Assocs., 982 F.2d at 716. To determine whether a claim is qualitatively different, we look at "what [the] plaintiff seeks to protect, the theories in which the matter is thought to be protected and the rights sought to be enforced." Computer Assocs., 982 F.2d at 716. Moreover, we take a restrictive view of what extra elements transform an otherwise equivalent claim into one that is qualitatively different from a copyright infringement claim. See Nat'l Basketball Ass'n, 105 F.3d at 851. Awareness or intent, for instance, are not extra elements that make a state law claim qualitatively different. Id.; Computer Assocs., 982 F.2d at 717. On the other hand, a state law claim is qualitatively different if it requires such elements as breach of fiduciary duty, see id., or possession and control of chattels, see Harper & Row, Publishers, Inc. v. Nation Enters., 723 F.2d 195, 201 (2d Cir. 1983), rev'd on other grounds, 471 U.S. 539, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985).

Briarpatch Ltd., L.P. v. Phoenix Pictures, Inc., 373 F.3d 296, 305-06 (2d Cir. 2004) (brackets in Briarpatch).

Here, the first requirement is met as the artworks in question fall within the type of works protected by the Copyright Act under [*472] 17 U.S.C. § 102. The second requirement is also met because [**11] the Shepards' state law breach of contract claim seeks to vindicate rights already protected by copyright law under 17 U.S.C. § 106, namely, the exclusive rights to reproduce the copyrighted work, distribute copies, and to display the copyrighted work publicly. Specifically, as alleged, European Pressphoto Agency breached the contract by reproducing, distributing, and displaying the Shepards' artworks beyond the one day license period. Compl. ¶ 55. Reproducing and distributing the

artworks is "an act that would, by itself, infringe one of the exclusive rights provided by federal copyright law." [*Briarpatch*, 373 F.3d at 305](#); [17 U.S.C. § 106](#). The issue is therefore whether the elements needed to establish the breach of contract claim are qualitatively different from those needed to establish the copyright infringement claim.

The Shepards argue that European Pressphoto Agency's breach of its promise amounts to an extra element that makes the nature of the action qualitatively different from the copyright infringement claim.

The Shepards correctly point out that judges in this district are divided on "whether the promise inherent in every contract is sufficient to establish an 'extra element.'" [*BroadVision Inc. v. Gen. Elec. Co.*, No. 08 Civ. 1478 \(WHP\), 2008 U.S. Dist. LEXIS 81863, 2008 WL 4684114, at *4 \(S.D.N.Y. Oct. 15, 2008\)](#). The Second Circuit has not decided the issue. See **[**12]** [*Forest Park Pictures v. Universal Television Network, Inc.*, 683 F.3d 424, 432 \(2d Cir. 2012\)](#) ("In this case, we need not address whether preemption is precluded whenever there is a contract claim, or only when the contract claim includes a promise to pay.").

Some judges follow the holding in [*American Movie Classics Co. v. Turner Entertainment Co.*, 922 F. Supp. 926 \(S.D.N.Y. 1996\)](#), which held that "a breach of contract claim is preempted if it is merely based on allegations that the defendant did something that the copyright laws reserve exclusively to the plaintiff (such as unauthorized reproduction, performance, distribution, or display)." [922 F. Supp. at 931](#); see [*Miller v. Loibl*, No. 11 Civ. 2182 \(TPG\), 2013 U.S. Dist. LEXIS 35709, 2013 WL 967760, at *4 \(S.D.N.Y. Mar. 13, 2013\)](#) ("defendants' counterclaims allege nothing more than that Miller violated their exclusive distribution rights. That they did so in violation of a contract does nothing to change this conclusion since the infringed contractual right is congruent with a right under copyright law."); [*Alpha Media Works, Inc. v. Perception Research Servs., Inc.*, No. 09 Civ. 9563 \(GBD\), 2012 U.S. Dist. LEXIS 16493, 2012 WL 406914, at *2 \(S.D.N.Y. Feb. 9, 2012\)](#) ("The basis of Plaintiff's breach of contract claim is indistinguishable from that of its copyright claim. The breach of contract claim is therefore preempted by the federal Copyright Act."); [*BroadVision*, 2008 U.S. Dist. LEXIS 81863, 2008 WL 4684114, at *4](#) (dismissing breach of contract claim as "qualitatively the same as a copyright infringement claim"); [*Price v. Fox Entm't Grp., Inc.*, 473 F. Supp. 2d 446, 460-61 \(S.D.N.Y. 2007\)](#) (dismissing state law claims, including for breach of contract, because "none of these claims include any extra elements that make them qualitatively **[**13]** different from a claim for co-authorship under the Copyright Act."); [*Tannenbaum v. Corbis Sygma*, No. 02 Civ. 5066 \(LTS\), 2002 U.S. Dist. LEXIS 23928, 2002 WL 31778813, at *3 \(S.D.N.Y. Dec. 12, 2002\)](#) (dismissing breach of contract claim as it "presents no elements additional to those that are relevant to the Copyright Act.").


Other judges follow the holding in [*Architectronics, Inc. v. Control Systems, Inc.*, 935 F. Supp. 425 \(S.D.N.Y. 1996\)](#), which held that "Protection from breach of contract, however, is not equivalent to copyright protection because a contract claim requires an 'extra element,' that renders the claim qualitatively different from a **[*473]** claim for copyright infringement: a promise by the defendant." [935 F. Supp. at 438](#) (internal citation omitted); see [*BanxCorp v. Costco Wholesale Corp.*, 723 F. Supp. 2d 596, 615 \(S.D.N.Y. 2010\)](#) ("The Court agrees with the cases that hold that 'the extra element that saves a contract claim from preemption is the promise itself.'"); [*eScholar, LLC v. Otis Educ. Sys., Inc.*, 387 F. Supp. 2d 329, 333 \(S.D.N.Y. 2005\)](#) ("this court agrees that the existence of explicit contractual rights makes a breach of contract claim qualitatively different from a claim for copyright infringement."); [*Torah Soft, Ltd. v. Drosnin*, 224 F. Supp. 2d 704, 716 \(S.D.N.Y. 2002\)](#) ("The breach of contract claim here includes such an extra element: an explicit promise with respect to future use of the Software."); [*A. Brod, Inc. v. SK&I Co. L.L.C.*, 998 F. Supp. 314, 323 \(S.D.N.Y. 1998\)](#) ("contract claims survive preemption to the extent that they involve a breach of a promise, an element not found in infringement claims."); see also [*ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1455 \(7th Cir. 1996\)](#) ("a simple two-party contract is not Equivalent **[**14]** to any of the exclusive rights within the general scope of copyright' and therefore may be enforced.").

The better approach appears to be that taken by the court in [*Canal+ Image UK Ltd. v. Lutvak*, 773 F. Supp. 2d 419 \(S.D.N.Y. 2011\)](#). There, Canal+ owned a copyright in the film "Kind Hearts and Coronets," a comic adaptation of the novel "Israel Rank." [Canal+, 733 F. Supp. 2d at 425](#). The parties had entered into a licensing agreement which authorized the defendants to adapt the film as a live stage musical presentation. *Id.* The authorization extended through October 1, 2004, after which the agreement was terminated, but the defendants continued with the adaptation. *Id.* Canal+ sued for copyright infringement and breach of contract, and the defendants moved to dismiss the breach of contract claim as preempted by the Copyright Act. *Id.* at 426. After analyzing the various approaches taken by judges in this district and in other courts, the court held that [HN8](#)  "whether contract claims are preempted


by the Copyright Act does not lend itself to a bright-line rule. Rather, whether a given contractual promise renders a claim qualitatively different than a copyright claim must depend on what the promise is." [Id. at 444](#). "[W]ithout referring to what the defendant has promised, a court cannot determine whether, **[**15]** by allegedly breaking the promise, the defendant has engaged in conduct for which the Copyright Act already provides the defendant relief." [Id.](#) In [Canal+](#), the defendants breached a promise to produce the musical only within the term that the agreement specified. [Id. at 446](#). Once that term expired, the exclusive right to any adaptation of the film reverted to Canal+. [Id.](#) The court held:

However, that exclusive right flowed from the Copyright Act, not from the Agreement. Thus the claim that Defendants usurped the exclusive right of Canal+ to adapt the Film is nothing more than a claim that Defendants have violated a right of Canal+ under the Copyright Act. Labeling that claim as one for breach of contract cannot change the fact that the claim is not "qualitatively different from a copyright infringement claim." [Briarpatch Ltd., 373 F.3d at 305](#). Rather, the claim merely alleges that Defendants have committed "an act that would, by itself, infringe one of the exclusive rights provided by federal copyright law." [Id.](#) Accordingly, the Copyright Act preempts the claim that Defendants' adaption is a breach of contract and that claim is dismissed.

[Canal+, 773 F. Supp. 2d at 446](#).

That holding relied on the Second Circuit's admonition that [HN9](#)  courts must "take a **[**16]** restrictive view of what extra elements **[*474]** transform an otherwise equivalent claim into one that is qualitatively different from a copyright infringement claim," and that preemption turns on "what [the] plaintiff seeks to protect, the theories in which the matter is thought to be protected and the rights sought to be enforced." [Briarpatch Ltd., 373 F.3d at 306](#). "A categorical rule that 'the extra element that saves a contract claim from preemption is the promise itself,' [Architectronics](#), 935 F. Supp. at 439, provides mere lip service to that instruction." [Canal+, 773 F. Supp. 2d at 444](#).

That view is also consistent with other cases that both allowed and disallowed breach of contract claims. [American Movie Classics](#) held that

[HN10](#)  a breach of contract claim is preempted if it is merely based on allegations that the defendant did something that the copyright laws reserve exclusively to the plaintiff (such as unauthorized reproduction, performance, distribution, or display). However, if the breach of contract claim is based on allegations that the parties' contract creates a right not existing under copyright law—a right based upon a party's contractual promise—and the plaintiff is suing to protect that contractual right, then the claim is not preempted. [National Car Rental System, Inc. v. Computer Assocs. Int'l, Inc., 991 F.2d 426, 431-433 \(8th Cir.\), cert. denied, 510 U.S. 861, 114 S. Ct. 176, 126 L. Ed. 2d 136 \(1993\)](#) ("contractual **[**17]** restriction [creating right not existing under Copyright Act] constitutes an extra element that makes this cause of action qualitatively different from one for copyright").

[922 F. Supp. at 931](#). There, the allegation was that the defendant breached the licensing agreement by violating the plaintiff's exclusive right to exhibit the films in question. The court found no qualitative difference between the breach of contract claim, based on the agreement's exclusive exhibition right, and the copyright claim, based on the Copyright Act's exclusive right of public performance. [Id. at 931-32](#).

In [Stadt v. Fox News Network LLC, 719 F. Supp. 2d 312 \(S.D.N.Y. 2010\)](#), the court held Stadt's breach of contract claim was not preempted by the Copyright Act because the contract covered activity not protected by the Copyright Act. The court stated:

Although Fox correctly asserts that preemption would bar a breach of contract claim in which the sole allegation of breach was that defendant used plaintiff's copyrighted work without authorization, Stadt has alleged breach based on more than unauthorized use. The Complaint states that Fox breached by using the "Fox Business Exclusive" credit on the Video in violation of the parties' agreement, and the use of such credits is not expressly governed by the **[**18]** Copyright Act. Thus, because Stadt has adequately pleaded breach of contract based on this provision, Stadt has pleaded an extra element sufficient to survive preemption.

[Stadt, 719 F. Supp. 2d at 321](#); see also [Bill Diodato Photography LLC v. Avon Prod., Inc., No. 12 Civ. 847 \(RWS\)](#).

[2012 U.S. Dist. LEXIS 135688, 2012 WL 4335164, at *7 \(S.D.N.Y. Sept. 21, 2012\)](#) ("Plaintiff has plead a valid breach of contract claim on the theory that Defendant breached its obligation under the agreements by using Plaintiff's images beyond the one-year licensing term without negotiating a fee to be paid to Plaintiff. . . . Plaintiff bears the burden of proving not just that Plaintiff used the images beyond the one-year licensing agreement, but also that Defendant failed to negotiate a fee."); [CBS Broad. Inc. v. Counterr Grp., No. 05 Civ. 7946 \(DAB\), 2008 U.S. Dist. LEXIS 126089, 2008 WL 11350274, at *8 \(S.D.N.Y. Aug. 26, 2008\)](#) (dismissing claim that CBS broadcasted video footage in breach of licensing agreement because it is **[*475]** the same as the claim that CBS infringed the owner's exclusive right to perform the work publicly, and distinguishing cases that held contract claims were not preempted where the defendant breached contractual provisions not already protected by copyright law, e.g., failure to pay royalty fees or a percentage of profits).

That is also the approach taken by Professor Nimmer in his treatise on copyright law. See 1 Melville B. Nimmer & David Nimmer, [Nimmer on Copyright § 1.01\[B\]\[1\]\[a\]\[ii\]](#) (2017) ("preemption should be found absent to **[**19]** the extent that a breach of contract cause of action alleges more than simply reproduction (or adaptation, distribution, etc.) of a copyrighted work.").

Here, the Shepards claim that European Pressphoto Agency displayed, reproduced, published, distributed, and otherwise made use of the Shepards' artworks beyond the expiration of the one day term in the license agreement. Compl. ¶ 55. That is conduct that the Copyright Act prohibits and for which it grants remedies. See [17 U.S.C. § 106](#). European Pressphoto Agency's promise not to infringe the Shepards' copyright is the same as its duty to comply with the copyright law, and is therefore preempted by it.

3. Unfair Competition


In this claim the Shepards allege that the defendants, by using the Shepards' artworks beyond the scope of the license, and by wrongfully labeling the artworks as their own, misappropriated the Shepards' labor and expenditures, and did so in bad faith, i.e., for a dishonest purpose. Compl. ¶¶ 58-59.

The Second Circuit long ago held that [HN11](#)^[↑] unfair competition claims based on copying of copyrighted materials are preempted by [section 301](#) of the Copyright Act. [Durham Indus., Inc. v. Tomy Corp., 630 F.2d 905, 919 \(2d Cir. 1980\)](#) ("To the extent that Tomy's unfair competition claim seeks protection against Durham's copying, **[**20]** it is a claim based on a right equivalent to 'exclusive rights within the . . . scope of copyright.' As such, it is defeated by [Section 301\(a\)](#).").

Furthermore, [HN12](#)^[↑] the Copyright Act also preempts claims "asserted under the misappropriation branch of New York's unfair competition law, which generally 'protects against a defendant's competing use of a valuable product or idea created by the plaintiff through investment of time, effort, money and expertise.'" [Am. Movie Classics, 922 F. Supp. at 933](#).

The Shepards argue that, unlike the unfair competition claims in those cases, the claim here is based on the defendants "passing off" the Shepards' artworks as the defendants' original works, and passing off claims are not preempted by the Copyright Act. See [Warner Bros. Inc. v. Am. Broad. Cos., Inc., 720 F.2d 231, 247 \(2d Cir. 1983\)](#) ("to the extent that plaintiffs are relying on state unfair competition law to allege a tort of 'passing off,' they are not asserting rights equivalent to those protected by copyright and therefore do not encounter preemption."), citing [Nimmer on Copyright §§ 1.01\[B\]\[1\] n. 47, 2.12 n. 25 \(1983\)](#); [Waldman Publ'g Corp. v. Landoll, Inc., 848 F. Supp. 498, 505 \(S.D.N.Y. 1994\)](#) ("one of the elements required for a claim of 'passing off' is the misrepresentation of a common source, which is not an element of a cause of action for copyright.").

But the Shepards' claim, as alleged, is not one for passing off. [HN13](#)^[↑] "Passing off **[**21]** (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else's." [Dastar, 539 U.S. at 27, 123 S. Ct. at 2045 n.1](#). Such a claim is different from, and therefore not preempted by, copyright infringement law. The Shepards do not allege that the defendants misrepresented their own goods as the Shepards'. **[*476]** Rather, they allege that the defendants misrepresented the Shepards' goods as their own. That is known as "reverse passing off." See *id.* ("Reverse passing off,' as its name implies, is the opposite: The producer

misrepresents someone else's goods or services as his own."). "It is well-settled that [HN14](#)  a claim for reverse passing off predicated on the theory that defendant's product replicates plaintiff's expressions contains no extra element and is therefore preempted." [Silverstein v. Penguin Putnam, Inc., 522 F. Supp. 2d 579, 608 \(S.D.N.Y. 2007\)](#), citing [Integrative Nutrition, Inc. v. Acad. of Healing Nutrition, 476 F. Supp. 2d 291, 297 \(S.D.N.Y. 2007\)](#); [Am. Movie Classics, 922 F. Supp. at 934](#) ("This 'reverse passing off claim is equivalent to a claim for copyright infringement."); [Waldman Publ'g Corp., 848 F. Supp. at 505](#) ("Where a plaintiff claims that defendant has copied plaintiffs' product and sold it under defendant's name, that claim of reverse passing off is preempted by the Copyright Act."); [see 1 Nimmer on Copyright § 1.01\[B\]\[1\]\[e\]](#) (2017) (a reverse passing off claim "is in fact a disguised copyright infringement claim, and hence preempted.").

CONCLUSION **[**22]**

Defendants' partial motion to dismiss (Dkt. No. 18) is granted in part and denied in part. The claims for breach of contract and unfair competition are dismissed. In all other respects, the motion is denied.

So ordered.

Dated: New York, New York

December 20, 2017

/s/ LOUIS L. STANTON

LOUIS L. STANTON

U.S.D.J.

Skidmore v. Led Zeppelin

United States Court of Appeals for the Ninth Circuit

September 23, 2019, Argued and Submitted En Banc, San Francisco, California; March 9, 2020, Filed

No. 16-56057, No. 16-56287

Reporter

952 F.3d 1051 *; 2020 U.S. App. LEXIS 7585 **; Copy. L. Rep. (CCH) P31,606

MICHAEL SKIDMORE, as Trustee for the Randy Craig Wolfe Trust, Plaintiff-Appellant, v. LED ZEPPELIN; JAMES PATRICK PAGE; ROBERT ANTHONY PLANT; JOHN PAUL JONES; SUPER HYPE PUBLISHING, INC.; WARNER MUSIC GROUP CORPORATION; WARNER/CHAPPELL MUSIC, INC.; ATLANTIC RECORDING CORPORATION; RHINO ENTERTAINMENT COMPANY, Defendants-Appellees. MICHAEL SKIDMORE, as Trustee for the Randy Craig Wolfe Trust, Plaintiff-Appellee, v. WARNER/CHAPPELL MUSIC, INC., Defendant-Appellant, and LED ZEPPELIN; JAMES PATRICK PAGE; ROBERT ANTHONY PLANT; JOHN PAUL JONES; SUPER HYPE PUBLISHING, INC.; WARNER MUSIC GROUP CORPORATION, ATLANTIC RECORDING CORPORATION; RHINO ENTERTAINMENT COMPANY, Defendants.

Prior History: **[**1]** Appeal from the United States District Court for the Central District of California. D.C. No. 2:15-cv-03462-RGK-AGR. R. Gary Klausner, District Judge, Presiding.

Skidmore v. Led Zeppelin, 2016 U.S. Dist. LEXIS 51006 (C.D. Cal., Apr. 8, 2016)

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Songwriters, Composers, Musicians, and Producers; Nashville Songwriters Association International (NSAI); and Songwriters of North America (SONA).

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Judges: Before: Sidney R. Thomas, Chief Judge, and M. Margaret McKeown, William A. Fletcher, Johnnie B. Rawlinson, Carlos T. Bea, Sandra S. Ikuta, Mary H. Murguia, Jacqueline H. Nguyen, Paul J. Watford,

Andrew D. Hurwitz and Bridget S. Bade, Circuit Judges.
Opinion by Judge McKeown; Concurrence by Judge
Watford; Partial Concurrence and Partial Dissent by
Judge Ikuta.

Opinion by: M. Margaret McKeown

Opinion

[*1056] McKEOWN, Circuit Judge, with whom THOMAS, Chief Judge, FLETCHER, RAWLINSON, MURGUIA, NGUYEN, Circuit Judges, join in full, and with whom WATFORD, Circuit Judge, joins except as to Part IV.C, and with whom HURWITZ, Circuit Judge, joins except as to Parts IV.C.3 and IV.C.4, and with whom BADE, Circuit Judge, joins except as to Part IV.C.3:

Stairway to Heaven has been called the greatest rock song of all time. Yet, hyperbole aside, nearly 40 years after the English rock band Led Zeppelin released its hit recording, the song is not impervious to copyright challenges. The estate of guitarist Randy Wolfe claims that Led Zeppelin and its guitarist Jimmy Page and vocalist Robert Plant copied portions of *Taurus*, a song written by Wolfe and performed by his band Spirit.

This appeal stems from the [*7] jury's verdict in favor of Led Zeppelin and a finding that the two songs are not substantially similar. Like the jury, we don't need to decide whether *Stairway to Heaven* has a place in the annals of iconic rock songs. Instead, we address a litany of copyright issues, including the interplay between the 1909 and 1976 Copyright Acts, the inverse ratio rule, the scope of music copyright, and the standards for infringement.

The 1909 Copyright Act, which does not protect sound recordings, controls our analysis. The copyright at issue is for the unpublished musical composition of *Taurus*, which was registered in 1967. The unpublished work is defined by the deposit copy, which in the case of *Taurus* consists of only one page of music. We also join the majority of circuits in rejecting the inverse ratio rule and overrule our precedent to the contrary. Finally, we are not persuaded by the challenges to jury instructions and various other evidentiary and trial rulings. We affirm the district court's entry of judgment in favor of Led Zeppelin and related parties.

BACKGROUND

Randy Wolfe, professionally known as Randy California, wrote the instrumental song *Taurus* in 1966 or 1967. He was a guitarist [*8] in the band Spirit. Spirit signed a recording contract in August 1967 and released its first eponymous album—which included *Taurus*—a few months later. Wolfe also entered into an Exclusive Songwriter's and Composer's Agreement with Hollenbeck Music Co. ("Hollenbeck"). In [*1057] December 1967, Hollenbeck registered the copyright in the unpublished musical composition of *Taurus*, listing Wolfe as the author. As required for registration of an unpublished work under the 1909 Copyright Act, which was in effect at the time, Hollenbeck transcribed *Taurus* and deposited one page of sheet music (the "*Taurus* deposit copy"), with the United States Copyright Office.

Around the same time, across the Atlantic, another rock band, Led Zeppelin, was formed by Jimmy Page, Robert Plant, John Paul Jones, and John Bonham. Led Zeppelin released its fourth album in late 1971. The untitled album, which became known as "Led Zeppelin IV," contained the now iconic song *Stairway to Heaven*. *Stairway to Heaven* was written by Jimmy Page and Robert Plant.

It is undisputed that Spirit and Led Zeppelin crossed paths in the late 1960s and the early 1970s. The bands performed at the same venue at least three times between 1968 [*9] and 1970. Led Zeppelin also performed a cover of a Spirit song, *Fresh Garbage*. But there is no direct evidence that the two bands toured together, or that Led Zeppelin band members heard Spirit perform *Taurus*.

Wolfe passed away in 1997. After his death, Wolfe's mother established the Randy Craig Wolfe Trust (the "Trust")¹ and served as the trustee until she passed away. Neither Wolfe nor his mother filed a suit regarding *Stairway to Heaven*. Michael Skidmore became a co-trustee of the Trust in 2006.

Fast forward forty-three years from the release of *Stairway to Heaven* to May 2014. Skidmore filed a suit alleging that *Stairway to Heaven* infringed the copyright in *Taurus*, naming as defendants Led Zeppelin, James Patrick Page, Robert Anthony Plant, John Paul Jones, Super Hype Publishing, and the Warner Music Group Corporation as parent of Warner/Chappell Music, Inc. ("Warner/Chappell"), Atlantic Recording Corporation, and

¹ Led Zeppelin does not challenge on appeal that all of Wolfe's

intellectual property rights, including the ownership interest in *Taurus*, were transferred to the Trust.

Rhino Entertainment Co. (collectively "Led Zeppelin").² One may wonder how a suit so long in the making could survive a laches defense. The Supreme Court answered this question in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, which clarified that laches is not a defense where **[**10] copyright** infringement is ongoing. [572 U.S. 663, 668, 134 S. Ct. 1962, 188 L. Ed. 2d 979 \(2014\)](#).

Skidmore alleged direct, contributory, and vicarious **copyright** infringement. He also sought equitable relief for a claim that he titled "Right of Attribution—Equitable Relief—Falsification of Rock n' Roll History." Skidmore's claims are not based on the entire *Taurus* composition. Rather, Skidmore claims that the opening notes of ***Stairway to Heaven*** are substantially similar to the eight-measure passage at the beginning of the *Taurus* deposit copy:

[*1058]



The claimed portion includes five descending notes of a chromatic musical scale. These notes are represented on the piano as a set of adjacent black and white keys, from right to left. The beginning of ***Stairway to Heaven*** also incorporates a descending chromatic minor chord progression in A minor. However, the composition of ***Stairway to Heaven*** has a different ascending line that is played concurrently with the descending chromatic line, and a distinct sequence of pitches in the arpeggios, which are not present in *Taurus*.

Led Zeppelin disputed ownership, access, and substantial similarity. Led Zeppelin also alleged affirmative defenses, including independent creation, unclean hands, and laches.

At the close of **[**11]** discovery, Led Zeppelin moved for summary judgment. The district court granted the motion in part and denied it in part. The district court dismissed the claims against defendants John Paul Jones, Super Hype Publishing, and Warner Music Group because they had not performed or distributed ***Stairway to Heaven*** within the three-year statute of limitations period preceding the filing of the complaint. The district court also granted summary judgment to Led Zeppelin on

Skidmore's "Right of Attribution—Equitable Relief: Falsification of Rock n' Roll History" claim. Although the claim was "creatively termed" and "inventive" according to the district court, a right of attribution claim under the **Copyright** Act extends only to visual arts.

The district court also ruled that under the 1909 Act, the scope of the **copyright** was circumscribed by the musical composition transcribed in the *Taurus* deposit copy. Thus, only the one-page *Taurus* deposit copy, and not a sound recording, could be used to prove substantial similarity between *Taurus* and ***Stairway to Heaven***.

The district court granted Led Zeppelin's motion in limine to exclude *Taurus* sound recordings and expert testimony based on those recordings. **[**12]** The district court again concluded that the *Taurus* deposit copy, rather than any recordings of Spirit's performance of *Taurus*, formed the sole benchmark for determining substantial similarity. The district court found that there were triable issues of fact relating to ownership, access, substantial similarity, and damages.

Against the backdrop of these rulings, the trial lasted five days. Two key issues predominated: access to *Taurus* by Led Zeppelin band members and substantial similarity.

On the access question, the district court allowed Skidmore to play various sound **[*1059]** recordings of *Taurus* for Page outside of the presence of the jury. Skidmore then examined Page on access in front of the jury. Page testified that he owned "a copy of the album that contains 'Taurus,' . . . in [his] collection," while denying "any knowledge of 'Taurus.'"

The substantial similarity question pitted two expert musicologists against each other. Skidmore's expert, Dr. Alexander Stewart, analyzed, one by one, five categories of similarities. Dr. Stewart acknowledged that a chromatic scale and arpeggios are common musical elements. But he found *Taurus* and ***Stairway to Heaven*** to be similar because the descending **[**13]** chromatic scales in the two compositions skip the note E and return to the tonic pitch, A, and the notes in the scale have the same durations. Then he pointed to three two-note sequences—AB, BC, and CF#—that appear in both compositions. In his view, the presence of successive eighth-note rhythms in both compositions also made them similar. Finally, he testified that the two compositions have the same "pitch collection," explaining that certain notes appear in the same proportions in the

² The case was filed in the Eastern District of Pennsylvania and later transferred to the proper venue, the Central District of

California. [Skidmore v. Led Zeppelin, 106 F. Supp. 3d 581, 589-90 \(E.D. Pa. 2015\)](#).

beginning sequence of both works.

In sum, Dr. Stewart claimed that five musical elements in combination were copied because these elements make *Taurus* unique and memorable, and these elements also appear in *Stairway to Heaven*. Skidmore's closing argument reinforced these points. Neither Dr. Stewart nor Skidmore's counsel argued that the categories of similarities were selected and arranged to form protectable expression in the design, pattern, or synthesis of the copyrighted work. Nor did they make a case that a particular selection and arrangement of musical elements were copied in *Stairway to Heaven*.

Led Zeppelin's expert, Dr. Lawrence Ferrara, testified that the two compositions are completely distinct. **[**14]** To highlight the marked differences in the compositions, he presented the following exhibit, which juxtaposed the claimed portion of *Taurus* against *Stairway to Heaven*:³



Dr. Ferrara testified that the similarities claimed by Skidmore either involve **[*1060]** unprotectable common musical elements or are random. For example, Dr. Ferrara explained that the similarity in the three two-note sequences is not musically significant because in each song the sequences were preceded and followed by different notes to form distinct melodies. He described the purported similarity based on these note sequences as akin to arguing that "crab" and "absent" are similar words because they both have the letter pair "ab." He also testified that the similarity in the "pitch collection" is not musically meaningful because it is akin to arguing that the presence of the same letters in "senator" and "treason" renders the words similar in meaning.

At the close of trial, the district court discussed with counsel the intended jury instructions. The district court

did not give the proposed instructions on the inverse ratio rule and the selection and arrangement of unprotectable elements. Skidmore objected to the district **[**15]** court's decision to omit an inverse ratio instruction but did not do so as to the omitted selection and arrangement instruction.

The jury returned a verdict for Led Zeppelin. In special interrogatories, the jury found that Skidmore owned the copyright to *Taurus* and that Led Zeppelin had access to *Taurus*, but that the two songs were not substantially similar under the extrinsic test. Following the verdict, the district court entered a judgment and an amended judgment.⁴ Skidmore did not file any post-judgment motions challenging the verdict, but timely appealed from the amended judgment.

Significantly, Skidmore does not make a substantial evidence claim. Instead, he focuses on a handful of legal issues, challenging: (1) the ruling that substantial similarity must be proven using the copyright deposit copy; (2) the ruling that sound recordings could not be played to prove access; (3) various jury instructions; (4) the imposition of overall time limits for the trial; (5) the fact that the full version of *Taurus* was played in response to the jury's request; and (6) the decision not to exclude or sanction Dr. Ferrara because of a claimed conflict of interest.

Warner/Chappell filed separate **[**16]** motions for attorneys' fees and costs, which the district court denied. Warner/Chappell timely cross-appealed and the two appeals were consolidated.

A panel of our court vacated the amended judgment in part and remanded for a new trial. We granted rehearing en banc.⁵ [Skidmore v. Led Zeppelin, 905 F.3d 1116 \(9th Cir. 2018\)](#), reh'g en banc granted, [925 F.3d 999 \(9th Cir. 2019\)](#).

ANALYSIS

I. THE 1909 COPYRIGHT ACT

waived any argument regarding the defendants who prevailed at summary judgment.

⁵In connection with en banc proceedings, we received thoughtful amicus briefs from a broad array of interested groups, including intellectual property and musicology scholars; songwriters, composers, musicians, and producers; recording companies and music publishers; rights holders; and the U.S. government. We thank amici for their participation.

³The duration of the notes in the *Taurus* deposit copy are halved in this exhibit to allow a side-by-side comparison of the two compositions.

⁴The district court amended the judgment to include all defendants, including those to whom the district court granted summary judgment. Skidmore appeals from the amended judgment related to Led Zeppelin and related parties, but

The world of copyright protection for music changed dramatically during the twentieth century and those changes dictate our analysis here. The baseline issue we address is the scope of Wolfe's copyright in the unpublished composition *Taurus*, which was registered in 1967, between the passage of the Copyright Act of 1909 ("1909 Act") and the sweeping copyright reform adopted in the Copyright Act of [*1061] 1976 ("1976 Act"). We conclude that the 1909 Act controls and that the deposit copy defines the scope of the *Taurus* copyright.

A. THE HISTORY OF COPYRIGHT PROTECTION FOR MUSICAL COMPOSITIONS AND SOUND RECORDINGS

Although it seems unthinkable today, musical compositions were not explicitly subject to copyright in the United States until 1831, when Congress added "musical composition" to the list of statutorily protected works. Copyright Act of 1831, ch. 16, § 1, 4 Stat. 436, 436 (repealed 1909). [*17] Thus, the "musical composition," which was understood to be a printed form of the music, joined the statutory protection afforded to dramatic compositions, maps, charts, engraving, photographs and other works.

Between 1831 and the early 1900s, a number of machines were invented that allowed mechanical reproduction of a musical composition. Goldstein v. California, 412 U.S. 546, 564, 93 S. Ct. 2303, 37 L. Ed. 2d 163 (1973). With the advent of player pianos at the turn of the century, the question arose whether copyright protection extended to the infringement of musical compositions by perforated piano rolls.⁶ The Supreme Court held that the copyright statute barred the unauthorized copying of a musical composition "in intelligible notation," but that it would be "strained and artificial" to consider musical sounds coming from an instrument to be a copy. White-Smith Music Publ'g Co. v. Apollo Co., 209 U.S. 1, 17-18, 28 S. Ct. 319, 52 L. Ed. 655, 1908 Dec. Comm'r Pat. 562 (1908). Justice Holmes commented in his concurrence that "[o]n principle anything that mechanically reproduces that collocation of sounds ought to be held a copy, or, if the statute is too narrow, ought to be made so by a further act." Id. at 20.

Congress stepped in to remedy the situation, perhaps heeding Justice Holmes's call. The Copyright Act of 1909—landmark legislation that significantly revised copyright law—categorized [*18] mechanically-reproduced musical compositions, such as those played

on player pianos and phonograph players, as "copies" of the original composition. 1909 Act, ch. 320, § 1(e), 35 Stat. 1075, 1075 (1909) (repealed 1976).

The statute provided copyright protection against "any arrangement or setting of [the musical composition] or of the melody of it in any system of notation or any form of record in which the thought of an author may be recorded and from which it may be read or reproduced." *Id.* Skidmore seizes on this language to argue that the new legislation extended copyright protection beyond sheet music. The text does not support this reading. Although the 1909 Act extended copyright protection against infringement beyond the mere reproduction of the sheet music, Congress did not provide that copyrighted works could be anything other than sheet music or, for an unpublished work, the musical composition transcribed in the deposit copy. 1909 Act §§ 5, 11.

The Court reinforced this principle in *Goldstein v. California* when it noted that the amendments insured that composers of original musical works received adequate protection, and that "records and piano rolls were to be considered as 'copies' of the original composition" [*19] ..., and could not be manufactured "without a specified royalty payment. 412 U.S. at 565-66. The Court emphasized that "composers were to have no control over [*1062] the recordings themselves," which Congress considered "a component part of a machine, capable of reproducing an original composition," or "renderings of original artistic performance." Id. at 566.

Requiring more formalities than the current copyright act, the procedures for obtaining copyright protection under the 1909 Act were very specific. Registration for an unpublished musical work could be obtained "by the deposit, with claim of copyright, of one complete copy of such work" with the Copyright Office. 1909 Act § 11. In contrast, protection for a published work could be secured by affixing a copyright notice "to each copy thereof published or offered for sale in the United States by authority of the copyright proprietor." *Id.* § 9. Either way, distributing sound recordings did not constitute publication under the 1909 Act, so musical compositions were only published if the sheet music also was published. See ABKCO Music, Inc. v. LaVere, 217 F.3d 684, 688 (9th Cir. 2000). Significantly, the Copyright Office did not even accept sound recordings as deposit copies. Indeed, "in order to claim copyright in a musical work under [*20] the 1909 Act, the work had to be reduced to sheet music or other manuscript form." 1 M.

back mechanically on a player piano or pianola." *Piano(la) roll*, The New Grove Dictionary of Jazz (Barry Kernfeld ed., 1994).

⁶ A piano roll is "a roll, usually of paper, on which music is preserved in the form of perforations; it is recorded and played

Nimmer & D. Nimmer, *Nimmer on Copyright* ("Nimmer") § 2.05[A] (2017).

Sound recordings did not become subject to copyright protection until 1972, and then only for the sound recordings fixed on or after February 15, 1972. [17 U.S.C. § 301\(c\)](#). The amendment did nothing to change the requirements of the 1909 Act or the status of the *Taurus* copyright.

The copyright requirements were changed dramatically by the 1976 Copyright Act, which provided that public distribution of a sound recording qualified as publication of a musical composition. *Id.* [§ 101](#). In other words, composers could submit a recording rather than sheet music as the deposit copy for a musical composition. The catch, for this case, is that publication before the 1978 effective date is not covered by the new statute.

B. THE TAURUS DEPOSIT COPY

The 1967 deposit copy of *Taurus* is a single page of sheet music. Skidmore suggests that the copyright extends beyond the sheet music; that is, the deposit copy is somehow archival in nature and more of a reference point than a definitive filing. This approach ignores the text of the statute and the purpose of the deposit.

We have outlined **[**21]** copyright protection under the 1909 Act as follows: "[A]n unpublished work was protected by state common law copyright from the moment of its creation until it was either published or until it received protection under the federal copyright scheme." [ABKCO, 217 F.3d at 688](#) (quoting [La Cienega Music Co. v. ZZ Top, 53 F.3d 950, 952 \(9th Cir. 1995\)](#)). The referenced federal copyright protection for unpublished works is found in the text of the statute: "copyright may also be had of the works of an author of which copies are not reproduced for sale, by the deposit, with claim of copyright, of one complete copy of such work if it be a ...musical composition" 1909 Act § 11.

The text is clear—for unpublished works, the author must deposit one *complete copy* of such work. The purpose of the deposit is to make a record of the claimed copyright, provide notice to third parties, and prevent confusion about the scope of the copyright. See [Data Gen. Corp. v. Grumman Sys. Support Corp., 36 F.3d 1147, 1161-62 \(1st Cir. 1994\)](#) (the deposit requirement provides the "Copyright Office with sufficient material to identify the work in which the registrant claims a copyright . . . [and] prevent[s] confusion about which work the author is **[*1063]** attempting to register"), *abrogated on other grounds by* [Reed Elsevier, Inc. v. Muchnick, 559 U.S.](#)

[154, 130 S. Ct. 1237, 176 L. Ed. 2d 18 \(2010\)](#); *Report of the Register of Copyrights on the General Revision of the U.S. Copyright [**22]* Law 71 (1961) (one of the purposes of the deposit is "to identify the work" being registered).

Even before the 1909 Act, the Supreme Court stated that one objective of the deposit was to permit inspection by other authors "to ascertain precisely what was the subject of copyright." [Merrell v. Tice, 104 U.S. 557, 561, 26 L. Ed. 854 \(1881\)](#). At the time that *Taurus* was registered, the Copyright Office's practice regarding applications to register unpublished musical compositions was to consider "writ[ing] to the applicant, *pointing out that protection extends only to the material actually deposited*, and suggesting that in his own interest he develop his manuscript to supply the missing element." *Compendium of Copyright Office Practices* ("Copyright Office Compendium") § 2.6.1.II.a (1st ed. 1967) (emphasis added). The inescapable conclusion is that the scope of the copyright is limited by the deposit copy.

The practical treatment of deposit copies underscores their importance. The 1909 Act prohibits destruction of copies of unpublished works without notice to the copyright owner. 1909 Act §§ 59-60. Buttressing this protection, the Register of Copyright's policy is to retain access to the deposit copies of unpublished works for the full copyright term. See *Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* at 80-81.

The cases **[**23]** Skidmore cites to suggest that the content of the deposit copy may be supplemented are not instructive. See, e.g., [Washingtonian Publ'g Co. v. Pearson, 306 U.S. 30, 41-42, 59 S. Ct. 397, 83 L. Ed. 470 \(1939\)](#) (addressing the failure to promptly submit a deposit copy for a *published* work); [Three Boys Music Corp. v. Bolton, 212 F.3d 477, 486-87 \(9th Cir. 2000\)](#) (addressing whether an incomplete deposit copy contained the "essential elements" of the musical composition such that subject matter jurisdiction was proper). Nor do the cases analyzing the 1976 Act illuminate the copyright scope question under the 1909 Act. See [Bridgeport Music, Inc. v. UMG Recordings, Inc., 585 F.3d 267, 276 \(6th Cir. 2009\)](#); [Nat'l Conference of Bar Exam'rs v. Multistate Legal Studies, Inc., 692 F.2d 478, 482-83 \(7th Cir. 1982\)](#).

Although Skidmore offers a host of reasons why adherence to the statute complicates proof in copyright cases, these arguments cannot overcome the statutory requirements. For example, Skidmore claims that it is impractical to compare a sound recording of the infringing work to a deposit copy of the infringed work, even though

that is precisely what happened here, and experts for both sides were confident in their analysis. Indeed, during the trial, Skidmore's master guitarist, Kevin Hanson, performed the *Taurus* deposit copy as he interpreted it.

Skidmore also complains that restricting protection to the deposit copy disadvantages musicians who do not read music because it can be time consuming and expensive to make an accurate **[**24]** deposit copy. Apparently, that was not a problem here, as Wolfe's work was transcribed for the sheet music deposit. Digital transcription and other technological advances undercut this argument, not to mention that for decades now, sound recordings have been accepted as the deposit copy. Finally, Skidmore offers conjecture about what might happen if a deposit copy were lost or destroyed. We need not play this "what if" guessing game because the statute is clear and unambiguous.

The district court correctly concluded that under the 1909 Act, which controls the **[*1064]** copyright registration in this case, the *Taurus* deposit copy circumscribes the scope of the copyright. Because the deposit copy defines the four corners of the *Taurus* copyright, it was not error for the district court to decline Skidmore's request to play the sound recordings of the *Taurus* performance that contain further embellishments or to admit the recordings on the issue of substantial similarity.

II. ELEMENTS OF COPYRIGHT INFRINGEMENT

Proof of copyright infringement requires Skidmore to show: (1) that he owns a valid copyright in *Taurus*; and (2) that Led Zeppelin copied protected aspects of the work. *Rentmeester v. Nike, Inc.*, 883 F.3d 1111, 1116-17 (9th Cir. 2018) (citing *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S. Ct. 1282, 113 L. Ed. 2d 358 (1991)). Skidmore's ownership **[**25]** of a valid copyright in *Taurus* was not challenged on appeal.

The second prong of the infringement analysis contains two separate components: "copying" and "unlawful appropriation." *Rentmeester*, 883 F.3d at 1117. Although these requirements are too often referred to in shorthand lingo as the need to prove "substantial similarity," they are distinct concepts.

Because independent creation is a complete defense to copyright infringement, a plaintiff must prove that a defendant copied the work. *Feist*, 499 U.S. at 345-46. In the absence of direct evidence of copying, which is the case here, the plaintiff "can attempt to prove it circumstantially by showing that the defendant had access to the plaintiff's work and that the two works share

similarities probative of copying." *Rentmeester*, 883 F.3d at 1117. This type of probative or striking similarity shows that the similarities between the two works are due to "copying rather than . . . coincidence, independent creation, or prior common source." *Bernal v. Paradigm Talent & Literary Agency*, 788 F. Supp. 2d 1043, 1052 (C.D. Cal. 2010) (omission in original) (quoting 4 *Nimmer* § 13.02[B]). A finding of such similarity may be based on the overlap of unprotectable as well as protectable elements. *Rentmeester*, 883 F.3d at 1117.

On the other hand, the hallmark of "unlawful appropriation" is that the works share *substantial* similarities. *Newton v. Diamond*, 388 F.3d 1189, 1193 (9th Cir. 2004). In our circuit, we use a **[**26]** two-part test to determine whether the defendant's work is substantially similar to the plaintiff's copyrighted work. *Cavalier v. Random House, Inc.*, 297 F.3d 815, 822 (9th Cir. 2002). The first part, the extrinsic test, compares the objective similarities of specific expressive elements in the two works. *Id.* Crucially, because only substantial similarity in protectable expression may constitute actionable copying that results in infringement liability, "it is essential to distinguish between the protected and unprotected material in a plaintiff's work." *Swirsky v. Carey*, 376 F.3d 841, 845 (9th Cir. 2004). The second part, the intrinsic test, "test[s] for similarity of expression from the standpoint of the ordinary reasonable observer, with no expert assistance." *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 637 (9th Cir. 2008) (quoting *Apple Comput., Inc. v. Microsoft Corp.*, 35 F.3d 1435, 1442 (9th Cir. 1994)). Both tests must be satisfied for the works to be deemed substantially similar. See *Funky Films, Inc. v. Time Warner Entm't Co.*, 462 F.3d 1072, 1077 (9th Cir. 2006).

III. EVIDENTIARY CHALLENGE—THE COPYING PRONG OF INFRINGEMENT

At trial, one of Skidmore's key arguments was that Led Zeppelin members heard either performances or recordings of *Taurus* before creating *Stairway to Heaven*, **[*1065]** and thus had access for purposes of copying the music. To prove that point, Skidmore wanted to play several recordings of *Taurus* during the testimony of Jimmy Page, claiming that *observing* Page *listening* to the recordings would **[**27]** have enabled the jury to evaluate his demeanor with respect to access. Skidmore's counsel explained that the recordings could be offered to prove access, even if the court excluded them for proving substantial similarity. The district court determined that although the sound recordings were relevant to prove access, Skidmore's approach would be

"too prejudicial for the jury" because it risked confusing access with substantial similarity. Hence the court excluded the recordings under [*Federal Rule of Evidence 403*](#). The court instead permitted Skidmore's counsel to play the recordings for Page outside the presence of the jury and then question him about the recordings in front of the jury.

Skidmore's position is a curious one and defies common sense. There would have been very little, if any, probative value in watching Page's reaction to *listening to Taurus* at the trial in 2016 to prove access to the song half a century ago. To prevent the jury from making an erroneous comparison for determining substantial similarity, the court properly excluded the sound recording, which contains performance elements that are not protected by the *Taurus* deposit copy. Indeed, the court's exclusion ruling displayed a clear understanding **[**28]** of the distinct components of copying and unlawful appropriation, letting the evidence in "as far as access," but "not . . . to compare the performance" to [*Stairway to Heaven*](#).

In any event, the evidentiary question is moot. It turns out Skidmore's examination of Page on access proved fruitful. When Page testified, he candidly admitted to owning "a copy of the album that contains 'Taurus,' . . . in [his] collection," though still denying "any knowledge of 'Taurus.'" The jury found that both Page and Plant "had access to the musical composition *Taurus* before [*Stairway to Heaven*](#) was created." Once the jury made that finding, the remaining questions on the jury verdict form related to substantial similarity of the works.

In answer to the question of whether "original elements of the musical composition *Taurus* are extrinsically similar to [*Stairway to Heaven*](#)," the jury said no. Because the extrinsic test was not satisfied, the jury did not reach the intrinsic test. Although these findings ended the jury's **copyright** analysis, Skidmore also challenges various trial rulings.

IV. THE JURY INSTRUCTION CHALLENGES

Three jury instructions are at issue in this appeal: (1) the failure to give an inverse **[**29]** ratio rule instruction; (2) the sufficiency of the court's originality instructions; and (3) the failure to give a selection and arrangement instruction. We review for abuse of discretion the district court's formulation of the instructions and review de novo whether the instructions accurately state the law. [*Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, 658 F.3d 936, 941 \(9th Cir. 2011\)](#). We consider the issued instructions as a whole, but reversal is not warranted if

"the error is more probably than not harmless." [*Swinton v. Potomac Corp.*, 270 F.3d 794, 802, 805 \(9th Cir. 2001\)](#) (quoting [*Caballero v. City of Concord*, 956 F.2d 204, 206 \(9th Cir. 1992\)](#)). "[W]hen a litigant in a civil trial fails to object to a jury instruction, we may review the challenged jury instruction for plain error." [*Chess v. Dovey*, 790 F.3d 961, 970 \(9th Cir. 2015\)](#).

A. THE INVERSE RATIO RULE

Copyright infringement cases often boil down to the crucial question of substantial similarity. We have stated that "substantial **[*1066]** similarity is inextricably linked to the issue of access," and have adhered to "what is known as the 'inverse ratio rule,'" which requires "a lower standard of proof of substantial similarity when a high degree of access is shown." [*Three Boys Music*, 212 F.3d at 485](#) (quoting [*Smith v. Jackson*, 84 F.3d 1213, 1218 \(9th Cir. 1996\)](#)). That is, "the stronger the evidence of access, the less compelling the similarities between the two works need be in order to give rise to an inference of copying." [*Rentmeester*, 883 F.3d at 1124](#).

Skidmore proposed an inverse ratio rule instruction, **[**30]** but the court chose not to give the instruction. The court reaffirmed this decision when Skidmore raised the question again after the close of testimony: "We're not going to give that instruction." Because the inverse ratio rule, which is not part of the **copyright** statute, defies logic, and creates uncertainty for the courts and the parties, we take this opportunity to abrogate the rule in the Ninth Circuit and overrule our prior cases to the contrary. See e.g., [*Three Boys Music*, 212 F.3d at 485-86](#); [*Shaw v. Lindheim*, 919 F.2d 1353, 1361-62 \(9th Cir. 1990\)](#).

The circuits are split over the inverse ratio rule, but the majority of those that have considered the rule declined to adopt it. The Second, Fifth, Seventh, and Eleventh Circuits have rejected the rule. [*Peters v. West*, 692 F.3d 629, 634-35 \(7th Cir. 2012\)](#) (noting that the circuit has never endorsed the idea that "a 'high degree of access' justifies a 'lower standard of proof' for similarity"); [*Positive Black Talk, Inc. v. Cash Money Records, Inc.*, 394 F.3d 357, 371 \(5th Cir. 2004\)](#) (acknowledging the rule but explicitly not adopting it), *abrogated on other grounds by* [*Reed Elsevier*, 559 U.S. 154, 130 S. Ct. 1237, 176 L. Ed. 2d 18](#); [*Beal v. Paramount Pictures Corp.*, 20 F.3d 454, 460 \(11th Cir. 1994\)](#); [*Arc Music Corp. v. Lee*, 296 F.2d 186, 187-88 \(2d Cir. 1961\)](#). Only our circuit and the Sixth

Circuit have endorsed it.⁷ See [Stromback v. New Line Cinema](#), 384 F.3d 283, 293 (6th Cir. 2004); see also [Peters](#), 692 F.3d at 634 (similarly describing the split).

But even within our circuit, our embrace and application of the rule have had a "checkered application." 4 [Nimmer § 13.03\[D\]](#). The very nature of the rule spawned uncertainty in its application. We first **[**31]** articulated the rule in 1977, holding that the high "degree of access" present in that case "justifie[d] a lower standard of proof to show substantial similarity," though "[n]o amount of proof of access will suffice to show copying if there are no similarities." [Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.](#), 562 F.2d 1157, 1172 (9th Cir. 1977), superseded on other grounds by 17 U.S.C. § 504(b). In its next breath, the court in *Krofft* admitted that "it is impossible to quantify this standard," so it is unsurprising that the court was unclear—failing to explain whether the rule applied to the actual copying or unlawful appropriation prong of the infringement analysis. *Id.*; see David Aronoff, *Exploding the "Inverse Ratio Rule,"* 55 J. **Copyright** Soc'y U.S.A. 125, 136 (2008) ("[T]he court [in *Krofft*] was confused as to whether the [inverse ratio rule] applied to the element of actual copying or unlawful appropriation").

A decade later, we reversed course and distanced ourselves from *Krofft*, relying on the Second Circuit's rejection of the inverse ratio rule in *Arc Music*. See [Aliotti v. R. Dakin & Co.](#), 831 F.2d 898, 902 (9th Cir. 1987). According to *Aliotti*, because the rule "ha[d] been employed by no Ninth Circuit case since *Krofft* and had been earlier criticized for 'confus[ing] and even **[*1067]** conceal[ing]' the requirement of substantial similarity," **[**32]** the court declined to "address the continuing viability of" the rule. *Id.* (alteration in original) (quoting [Arc Music](#), 296 F.2d at 187-88). But *Aliotti* was a momentary detour. We later returned to the inverse ratio rule and, in a series of cases throughout the 1990s and early 2000s, applied it in confusing ways.

Revitalizing *Krofft*, we several times affirmed that the rule guided our analysis of similarity. See, e.g., [Three Boys Music](#), 212 F.3d at 485-86; [Smith](#), 84 F.3d at 1218 & n.5; [Shaw](#), 919 F.2d at 1361-62. Even so, we did not explain how to apply the rule. See Aronoff, *supra*, at 137 (applying the rule in the context of the unlawful appropriation analysis, "the court did not articulate how [access] is to be considered, or the weight it is to be given").

The lack of clear guidance is likely due in no small part to our use of the term "substantial similarity," both in the context of copying and unlawful appropriation, muddying the waters as to what part of the infringement analysis the rule applies. See 3 William F. Patry, *Patry on Copyright* ("Patry") § 9.91 (2017) ("The inverse ratio theory confuses fundamental principles of infringement analysis: access is relevant only in establishing the act of copying, not in establishing the degree thereof. Once copying is established, access is irrelevant and the inquiry shifts to **[**33]** the final stage of the infringement analysis, material appropriation."). In *Rentmeester*, we pointed out the term's dual use and ultimately stated that the inverse ratio rule "assists only in proving copying, not in proving unlawful appropriation." [883 F.3d at 1124](#).

Capping off this period of expansion, we even pushed past the rule's outer limits set forth in *Krofft*, i.e., that "[n]o amount of proof of access will suffice to show copying if there are no similarities." [562 F.2d at 1172](#). In *Metcalf v. Bochco*, though we did not explicitly name the rule, we held that because access was not disputed, we "could easily infer that the many [generic] similarities between [the works] were the result of copying, not mere coincidence." [294 F.3d 1069, 1074-75 \(9th Cir. 2002\)](#).

Confusion followed in *Metcalf's* wake. In one case, we tried to cabin *Metcalf* to cases where there was a clear "concession of access." [Rice v. Fox Broad. Co.](#), 330 F.3d 1170, 1178-79 (9th Cir. 2003). In other cases, where access was assumed (though not conceded), we "side-stepped" *Metcalf* and held that the similarities between works were insufficient to support a conclusion of copying. Aronoff, *supra* at 139; see e.g., [Funky Films](#), 462 F.3d at 1081 n.4; [Benay v. Warner Bros. Entm't, Inc.](#), 607 F.3d 620, 625 (9th Cir. 2010). The result?—confusion about when to apply the rule and the amount of access and similarity needed to invoke it.

Our jurisprudence in recent years brought additional **[**34]** uncertainty. In 2000, we circumscribed the rule by explaining that it is not a two-way street: while the rule "requires a lesser showing of substantial similarity if there is a strong showing of access," it does not mean that "a weak showing of access requires a stronger showing of substantial similarity." [Three Boys Music](#), 212 F.3d at 486. In 2018, it seems, the rule goes both ways: it also provides that the "more compelling the similarities supporting an inference of copying, the less compelling the evidence of access need be."

⁷ The Federal Circuit has applied the rule, but only because it "applies **copyright** law as interpreted by the regional circuits, in

this case . . . the Ninth Circuit." [Amini Innovation Corp. v. Anthony Cal., Inc.](#), 439 F.3d 1365, 1368-69 (Fed. Cir. 2006).

[Rentmeester](#), 883 F.3d at 1124.⁸ In the face of tangled precedent, the *Rentmeester* panel tried to carefully thread the needle, but ended up adding another indecipherable stitch.

[*1068] Just two years ago, we again sowed doubt whether the rule ought to apply at all. In *Williams v. Gaye*, which dealt with the song *Blurred Lines*, the majority initially defended use of the rule against the dissent's criticism because the rule is "binding precedent" that "we are bound to apply." 885 F.3d 1150, 1163 n.6 (9th Cir. 2018). But in an amended opinion, the court deleted all references to the rule. *Williams v. Gaye*, 895 F.3d 1106 (9th Cir. 2018). One commentator posited the rule was excised because it "is so controversial." Edwin F. McPherson, *Crushing Creativity: The Blurred Lines Case and Its Aftermath*, 92 S. Cal. L. Rev. Postscript 67, 75 n.22 (2018).

As we struggled with the inverse ratio rule over the years, **[**35]** the Second Circuit rejected it as early as 1961, describing the idea as a "superficially attractive apophthegm which upon examination confuses more than it clarifies." *Arc Music*, 296 F.2d at 187. The court reasoned that "access will not supply [similarity's] lack, and an undue stress upon that one feature can only confuse and even conceal this basic requirement." *Id.* at 187-88. Importantly, the Second Circuit noted that there is "no such principle" in "the federal law of copyright." *Id.* at 187.

The Second Circuit also identified the problematic implications of this principle where access is very high and similarity very low: "[t]he logical outcome of the claimed principle is obviously that proof of actual access will render a showing of similarities entirely unnecessary." *Id.* However, "it does not follow that 'more' access increases the likelihood of copying." Aronoff, *supra*, at 126. Yet that is what the rule compels. Complete access without any similarity should never result in infringement liability because there is no infringement. Even so, the rule suggests that liability may be imposed in such a case. "There is," however, "simply no logic in presupposing that the mid-points of [the rule] give rise to a 'ratio' of access to similarity constituting **[**36]** proof of" infringement. *Id.* at 141. Indeed, even "[w]hen the inverse ratio rule is applied, we still don't know how much similarity is required." Patry § 9.91.

The flaws in the rule can be seen in the inconsistent ways in which we have applied the rule within our circuit, the

logic of the circuits that have rejected the rule, and analysis by academics and commentators. See *id.* ("There is nothing positive that can be said about a rule that lacks any clarity at all: trying to get a jury to both understand the rule and apply it properly is totally impossible.").

As a practical matter, the concept of "access" is increasingly diluted in our digitally interconnected world. Access is often proved by the wide dissemination of the copyrighted work. See *Loomis v. Cornish*, 836 F.3d 991, 995 (9th Cir. 2016). Given the ubiquity of ways to access media online, from YouTube to subscription services like Netflix and Spotify, access may be established by a trivial showing that the work is available on demand. See Brooks Barnes, *The Streaming Era Has Finally Arrived. Everything Is About to Change.*, N.Y. Times, Nov. 18, 2019 (In addition to Netflix, which "entertain[s] more than 158 million subscribers worldwide," there are currently "271 online video services available **[**37]** in the United States").

To the extent "access" still has meaning, the inverse ratio rule unfairly advantages those whose work is *most* accessible by lowering the standard of proof for similarity. Thus the rule benefits those with highly popular works, like *The Office*, which are also highly accessible. But nothing in copyright law suggests that a work deserves stronger legal protection simply because it is more popular or owned by better-funded rights holders.

[*1069] Finally, the inverse ratio rule improperly dictates how the jury should reach its decision. The burden of proof in a civil case is preponderance of the evidence. Yet this judge-made rule could fittingly be called the "inverse burden rule."

Although we are cautious in overruling precedent—as we should be—the constellation of problems and inconsistencies in the application of the inverse ratio rule prompts us to abrogate the rule. Access does not obviate the requirement that the plaintiff must demonstrate that the defendant actually copied the work. By rejecting the inverse ratio rule, we are not suggesting that access cannot serve as circumstantial evidence of actual copying in all cases; access, however, in no way can prove substantial **[**38]** similarity. We join the majority of our sister circuits that have considered the inverse ratio rule and have correctly chosen to excise it from copyright analysis. In light of this holding, the district court did not err in failing to instruct the jury on the inverse

⁸ The Ninth Circuit Model Jury Instructions Copyright § 17.17 (2017)—Copying—Access and Substantial Similarity—and the

Supplemental Instruction suffer from similar infirmities in trying to reconcile the case law.

ratio rule.

B. THE ORIGINALITY INSTRUCTIONS

Although **copyright** protects only original expression, it is not difficult to meet the famously low bar for originality. [Feist, 499 U.S. at 345](#) ("The *sine qua non* of **copyright** is originality"; "[t]he vast majority of works make the grade quite easily"); see also [17 U.S.C. § 102\(a\)](#) ("**Copyright** protection subsists . . . in original works of authorship").

Even in the face of this low threshold, **copyright** does require at least a modicum of creativity and does not protect every aspect of a work; ideas, concepts, and common elements are excluded. See [17 U.S.C. § 102\(b\); Feist, 499 U.S. at 345-46](#). Nor does **copyright** extend to "common or trite" musical elements, [Smith, 84 F.3d at 1216 n.3](#), or "commonplace elements that are firmly rooted in the genre's tradition," [Williams, 895 F.3d at 1140-41](#) (Nguyen, J., dissenting). These building blocks belong in the public domain and cannot be exclusively appropriated by any particular author. See [Satava v. Lowry, 323 F.3d 805, 810 \(9th Cir. 2003\)](#) ("[E]xpressions that are standard, stock, or common to a particular subject matter [****39**] or medium are not protectable under **copyright** law"). Authors borrow from predecessors' works to create new ones, so giving exclusive rights to the first author who incorporated an idea, concept, or common element would frustrate the purpose of the **copyright** law and curtail the creation of new works. See [id. at 813](#) ("we must be careful in **copyright** cases not to cheat the public domain"); [Berkic v. Crichton, 761 F.2d 1289, 1293 \(9th Cir. 1985\)](#) ("General ideas . . . remain forever the common property of artistic mankind."); 1 [Nimmer § 2.05\[B\]](#) ("In the field of

popular songs, many, if not most, compositions bear some similarity to prior songs."). With these background principles in mind, we review the district court's instructions on originality, Nos. 16 and 20.⁹

Jury Instruction No. 16 explained "what a **copyright** is, what it protects, and what it does not protect."¹⁰ Relevant to this appeal, [****1070**] the instruction provided that "[c]opyright only protects the author's original expression in a work." This statement comes straight from the Supreme Court's opinion in *Feist*. The instruction went on to state that **copyright** "does not protect ideas, themes or common musical elements, such as descending chromatic scales, arpeggios or short sequences of three notes." Although this [****40**] statement is derived from *Smith*, Skidmore objects to the list of unprotectable elements. In particular, he argues that characterizing the "descending chromatic scales, arpeggios or short sequence of three notes" as examples of "common musical elements" was prejudicial to him.

To put this instruction in context, it is useful to outline the essence of the "common musical elements" or building blocks. The chromatic scale is one of two principal scales in Western music. It consists of twelve pitches separated by a half-step. On a piano, this means playing the white and black keys in order from left to right. Three or more notes or pitches sounded simultaneously are called chords, and an arpeggio, sometimes called a broken chord, is "[a] chord whose pitches are sounded successively, ... rather than simultaneously." *Arpeggio, Chromatic, and Chord, Harvard Dictionary of Music* (Don Michael Randel ed., 4th ed. 2003).

To conduct a **copyright** infringement analysis, the factfinders ask "whether 'the *protectible elements*, *standing alone*, are substantially similar'" and "disregard

⁹ By filing proposed originality instructions and objecting to Led Zeppelin's versions, Skidmore preserved his objection to the originality instructions given by the district court. See [Fed. R. Civ. P. 51\(c\)\(1\); C.D. Cal. Local Rule 51-1, -5](#).

¹⁰ Jury Instruction No. 16 reads in full as follows:

Plaintiff has filed a claim against Defendants for violation of the United States **Copyright** Act, which governs this case. In order for you to undertake your responsibility, you must know what a **copyright** is, what it protects, and what it does not protect.

Copyright confers certain exclusive rights to the owner of a work including the rights to:

1. Reproduce or authorize the reproduction of the **copyrighted** work;

2. Prepare derivative works based upon the **copyrighted** work.

3. Distribute the **copyrighted** work to the public; and

4. Perform publicly a **copyrighted** musical work.

Copyright only protects the author's original expression in a work and does not protect ideas, themes or common musical elements, such as descending chromatic scales, arpeggios or short sequences of three notes.

Also, there can be no **copyright** infringement without actual copying. If two people independently create two works, no matter how similar, there [****41**] is no **copyright** infringement unless the second person copied the first.

the non-protectible elements." [*Cavalier*, 297 F.3d at 822](#) (quoting [*Williams v. Crichton*, 84 F.3d 581, 588 \(2d Cir. 1996\)](#)); see [*Apple Comput., Inc. v. Microsoft Corp.*, 35 F.3d 1435, 1446 \(9th Cir. 1994\)](#) (same). Jury Instruction No. 16 correctly listed non-protectable musical building blocks that no individual may own, and did not, as Skidmore claims, exclude the particular use of musical elements in an original expression.

For example, despite Skidmore's challenge to the characterization **[**42]** of descending chromatic scales as unprotectable, even his own expert musicologist, Dr. Stewart, agreed musical concepts like the minor chromatic line and the associated chords have been "used in music for quite a long time" as "building blocks." This candid acknowledgement was echoed by Led Zeppelin's expert. Dr. Ferrara described the "chromatic scale, descending or ascending," as "a musical building block. This is something that no one can possibly own." The commonality of descending scales and arpeggios has been reinforced by the **Copyright** Office, which lists "[d]iatonic or chromatic scales" and "arpeggios" as common property musical material. **Copyright** Office *Compendium* § 802.5(A) (3d ed. 2017). Emphasizing the importance of original creation, the **Copyright** Office notes that "a musical work consisting entirely of common property material would not constitute original authorship." *Id.* Just as we **[*1071]** do not give an author "a monopoly over the note of B-flat," descending chromatic scales and arpeggios cannot be **copyrighted** by any particular composer. [*Swirsky*, 376 F.3d at 851](#).

We have never extended **copyright** protection to just a few notes. Instead we have held that "a four-note sequence common in the music field" is not **[**43]** the copyrightable expression in a song. [*Granite Music Corp. v. United Artists Corp.*, 532 F.2d 718, 721 \(9th Cir. 1976\)](#). In the context of a sound recording **copyright**, we have also concluded that taking six seconds of the plaintiff's four-and-a-half-minute sound recording—spanning three notes—is de minimis, inactionable copying. See [*Newton*, 388 F.3d at 1195-96](#). One of our colleagues also expressed skepticism that three notes used in a song can be copyrightable by observing that of the "only 12³ or 1,728 unique combinations of three notes," not many would be useful in a musical composition. See [*Williams*, 895 F.3d at 1144 n.6](#) (Nguyen, J., dissenting). The **Copyright** Office is in accord, classifying a "musical phrase consisting of three notes" as de minimis and thus not meeting the "quantum of creativity" required under *Feist*. **Copyright** Office *Compendium*, § 313.4(B) (3d ed. 2017). At the same time, we have not foreclosed the possibility that "seven notes" could constitute an original expression. [*Swirsky*, 376 F.3d at 852](#). To the contrary,

our sister circuit observed decades ago that "the seven notes available do not admit of so many agreeable permutations that we need be amazed at the re-appearance of old themes." [*Arnstein v. Edward B. Marks Music Corp.*, 82 F.2d 275, 277 \(2d Cir. 1936\)](#).

In view of our precedent and accepted **copyright** principles, the district court did not commit a reversible error by instructing the jury that **[**44]** a limited set of a useful three-note sequence and other common musical elements were not protectable.

The district court also instructed the jury on **copyright** originality in Jury Instruction No. 20, which states:

An original work may include or incorporate elements taken from prior works or works from the public domain. However, any elements from prior works or the public domain are not considered original parts and not protected by **copyright**. Instead, the original part of the plaintiff's work is limited to the part created:

1. independently by the work's author, that is, the author did not copy it from another work; and
2. by use of at least some minimal creativity.

Despite Skidmore's claim that the following language has no support in the law and was prejudicial—"any element from prior works or the public domain are not considered original parts and not protected by **copyright**"—this is black-letter law. See [*17 U.S.C. §§ 102\(b\), 103*](#). Reading this sentence with the preceding one—an "original work may include or incorporate elements taken from prior works or works from the public domain"—we conclude that Jury Instruction No. 20 correctly instructed the jury that original expression can be the result of borrowing **[**45]** from previous works or the public domain.

Skidmore appears to want less than the law demands. In his closing and on appeal, he argued that a work is original as long as it was independently created. Not quite. Though not demanding, originality requires at least "minimal" or "slight" creativity—a "modicum" of "creative spark"—in addition to independent creation. [*Feist*, 499 U.S. at 345-46, 362](#). Jury Instruction No. 20 correctly articulated both requirements for originality, that the work be created "independently by the work's author," and contain **[*1072]** "at least some minimal creativity." The court's omission of the optional, bracketed language from the Ninth Circuit Model Jury Instruction 17.14 (2017)—which reads, "In **copyright** law, the 'original' part of a work need not be new or novel"—was not a reversible error. The reference to "minimal creativity" in Jury Instruction No. 20 embraces this concept. Reviewing the

jury instructions as a whole, we conclude that the originality instructions were sound and were not prejudicial to Skidmore.

C. THE OMISSION OF A SELECTION AND ARRANGEMENT INSTRUCTION

1. Skidmore Forfeited His Objection to the Omitted Selection and Arrangement Instruction

The district court did not give what Skidmore **[**46]** denominates as a "selection and arrangement" instruction. Because Skidmore did not preserve his objection to the omission, we review for plain error.

Skidmore maintains that his objection was preserved by the timely filing of a proposed selection and arrangement instruction and by objecting to Led Zeppelin's version. Not so. [*Federal Rule of Civil Procedure 51\(d\)\(1\)\(B\)*](#) provides that "a failure to give an instruction" must be both "properly requested . . . and . . . also properly objected [to]." An objection must be made "on the record," "promptly after learning that the instruction or request will be . . . refused." [*Fed. R. Civ. P. 51\(c\)\(1\), \(c\)\(2\)\(B\)*](#). Skidmore may have requested a selection and arrangement instruction, but he did not object to the district court's decision to omit the instruction. In other words, Skidmore's proffer of the instruction was necessary but not sufficient to preserve the objection. See [*United States ex rel. Reed v. Callahan, 884 F.2d 1180, 1184 \(9th Cir. 1989\)*](#) (objection waived where "counsel offered the . . . proposed instructions" but "no objection was made to the failure to give them"); [*Monroe v. City of Phoenix, 248 F.3d 851, 858 \(9th Cir. 2001\)*](#) (objection waived where counsel "simply submitted a proposed jury instruction" but "failed to properly object at trial to the failure to give the proposed instruction"), *abrogated on other grounds by* [*Scott v. Harris, 550 U.S. 372, 127 S. Ct. 1769, 167 L. Ed. 2d 686 \(2007\)*](#).

Nor is this the **[**47]** type of situation where "it is obvious that in the process of settling the jury instructions the court was made fully aware of the objections of the party and the reasons therefor and further objections would be unavailing." [*Reed, 884 F.2d at 1184*](#). According to Skidmore, he could not object to the refused instruction because the district court forbade oral objections. The record tells a different story. Skidmore's myriad other objections, all allowed by the district court, undermine his account of the procedure at trial. For example, Skidmore

requested the omission of an instruction on a topic not presented to the jury; objected to the wording of several jury instructions; and proposed a new jury instruction. The court's response was to entertain extensive discussion from the parties about the instructions, letting them state their objections "for the record." Further, the court asked Skidmore to draft the proposed new instruction and bring it in the next day.

A parallel omission situation is illuminating. Skidmore objected to the court's refusal to include a jury instruction on the inverse ratio rule. The judge overruled that objection without suggesting that he would not entertain others. Indeed, when **[**48]** raising the inverse-ratio objection, counsel said "one last thing," implying that he had no other objections. In contrast, Skidmore did not object to the court's refusal to include a jury instruction on selection and arrangement during the extensive discussion counsel and the court had on jury instructions. Nor did Skidmore object to **[*1073]** the omission of the selection and arrangement instruction before the jury was summoned the next morning.

Skidmore was responsible for compiling the court's final instructions, so he was well aware of what instructions were included and omitted. The court affirmatively engaged with Skidmore when he wanted to "make sure" that certain instructions had been included. Although Skidmore argues that the selection and arrangement theory was central to his infringement case, his conspicuous silence on the omission of what he claims to be a crucial instruction cannot be squared with the court's willingness to discuss specific instructions. On this record, it was not "obvious" that an objection to the failure to give a selection and arrangement instruction would be "unavailing."

In any case, there is a real possibility that the district court simply overlooked the **[**49]** instruction, and would have been willing to give one had the omission been brought to its attention. But absent notice and an objection, the district court cannot be expected to divine an objection to an omitted instruction. We do not impose such prescience on the district court in the face of the complicated, and often hurried, process of producing a final set of instructions. We noted long ago that the district court need not "rummage through . . . proposed instructions in an effort to discover potential objections to instructions not . . . given . . ." [*Bertrand v. S. Pac. Co., 282 F.2d 569, 572 \(9th Cir. 1960\)*](#). By not putting the district court on notice of an objection to a refused instruction, Skidmore forfeited his objection. Therefore, we apply plain error review. [*Fed. R. Civ. P. 51\(d\)\(2\)*](#).

2. The District Court Did Not Commit a Plain Error in Omitting the Instruction

Because Skidmore did not preserve his objection, we review the omission of a selection and arrangement instruction for "a plain error in the instructions . . . if the error affects substantial rights." [Fed. R. Civ. P. 51\(d\)\(2\)](#); see [Chess, 790 F.3d at 970](#). Under plain error review of a civil jury instruction, we consider whether "(1) there was an error; (2) the error was obvious; and (3) the error affected substantial rights." *C.B. v. City of Sonora*, 769 F.3d 1005, 1018 (9th Cir. 2014) (en banc). **[**50]** Even where these demanding requirements are met, "the decision whether to correct a plain error under [Federal Rule of Civil Procedure 51\(d\)\(2\)](#) is discretionary," typically invoked only where "the error seriously impaired the fairness, integrity, or public reputation of judicial proceedings" "to prevent a miscarriage of justice." *Id.* at 1018-19.

Even if there was an error in not giving the instruction, and even assuming the error was plain, we cannot conclude that it produced a miscarriage of justice. The district court did not err in withholding the studio version of *Taurus* from the jury. A selection and arrangement instruction would not have convinced the jury that *Stairway to Heaven* was substantially similar to the deposit copy of *Taurus*. Therefore, the failure to give the selection and arrangement instruction cannot have "likely prejudiced the outcome of the case," or "seriously impaired the fairness, integrity, or public reputation of judicial proceedings." [Hoard v. Hartman, 904 F.3d 780 787 \(9th Cir. 2018\)](#) (internal quotation marks omitted). We may also take "into consideration 'the costs of correcting [the] error,'" *id.* (quoting *C.B.*, 769 F.3d at 1018), and that factor clearly supports letting the jury verdict stand. This case involved a lengthy trial, and there is little reason to have another trial **[**51]** that Skidmore cannot win.

"Rare is the case where the district court's errors are so grave as to 'seriously **[*1074]** impair[] the fairness, integrity, or public reputation of judicial proceedings.'" [Id. at 791](#) (alteration in original) (quoting *C.B.*, 769 F.3d at 1019); see also [Teixeira v. Town of Coventry ex rel. Przybyla, 882 F.3d 13, 18 \(1st Cir. 2018\)](#) (describing such errors as "hen's-teeth rare"). This is not such a case. The district court did not commit a plain error in deciding not to give a selection and arrangement instruction.

3. Skidmore Did Not Present a Selection and Arrangement Theory

Finally, we conclude that the district court did not commit

any error. The fatal flaw in Skidmore's argument that he was entitled to a selection and arrangement instruction is that he did not present that as a separate theory at trial. To be sure, a copyright plaintiff may argue "infringement . . . based on original selection and arrangement of unprotected elements." [Metcalf, 294 F.3d at 1074](#) (quoting [Apple Computer, 35 F.3d at 1446](#)). The supposed centrality of a selection and arrangement theory is belied by the trial record. Skidmore never once used the words "selection" or "arrangement" during trial. But we do not rest our discussion on invocation of copyright vernacular; more importantly, Skidmore never presented the argument to the jury. Nowhere did Skidmore **[**52]** argue that the claimed elements were selected and arranged in a particular way to create the resulting four-bar passage in Section A of the musical composition in *Taurus*. Nor was there a word in Skidmore's closing about the selection and arrangement theory. Notably, our decision here is based on the trial evidence and not an appellate adjudication of copyrightability.

At trial, Skidmore's copyright infringement claim was based on the combination of five elements: minor chromatic line and associated chords; duration of pitches of minor chromatic line; melody placed over the descending chromatic line consisting of combination of arpeggios and two-note sequences; rhythm of steady eighth note beats; and pitch collection.

Skidmore and his expert underscored that the presence of these five musical components makes *Taurus* unique and memorable: *Taurus* is original, and the presence of these same elements in *Stairway to Heaven* makes it infringing. This framing is not a selection and arrangement argument. Skidmore never argued how these musical components related to each other to create the overall design, pattern, or synthesis. Skidmore simply presented a garden variety substantial similarity **[**53]** argument. Yet, Skidmore relies on the handful of times that his expert musicologist, Dr. Stewart, referred to the "unique and memorable" parts of the *Taurus* composition as a "combination" to argue that he made a selection and arrangement argument at trial, though not even this "combination" characterization was included in his closing.

Semantics do not characterize legal arguments—substance does. Skidmore does not contest that the selection and arrangement must itself be original to merit copyright protection. See [Feist, 499 U.S. at 358](#). We have extended copyright protection to "a combination of unprotectable elements . . . only if those elements are numerous enough and their selection and arrangement original enough that their combination constitutes an

original work of authorship." [Satava, 323 F.3d at 811](#). Put another way, what a selection and arrangement **copyright** protects is the *particular* way in which the artistic elements form a coherent pattern, synthesis, or design. See [L.A. Printex Indus., Inc. v. Aeropostale, Inc., 676 F.3d 841, 850-51 \(9th Cir. 2012\)](#) ("original selection, coordination, and arrangement" that result in the overall "design" are protectable); **[*1075]** [Metcalf, 294 F.3d at 1074](#) ("Each note in a scale . . . is not protectable, but a pattern of notes in a tune may earn **copyright** protection."); [United States v. Hamilton, 583 F.2d 448, 452 \(9th Cir. 1978\)](#); see also [Feist, 499 U.S. at 350-51](#); [Rentmeester, 883 F.3d at 1119](#).

Skidmore and his **[**54]** experts never argued to the jury that the claimed musical elements cohere to form a holistic musical design. Both Skidmore's counsel and his expert confirmed the separateness of the five elements by calling them "five categories of similarities." These disparate categories of unprotectable elements are just "random similarities scattered throughout [the relevant portions of] the works." [Shaw, 919 F.2d at 1362](#) (quoting [Litchfield v. Spielberg, 736 F.2d 1352, 1356 \(9th Cir. 1984\)](#)). Labeling them a "combination" of unprotectable elements does not convert the argument into a selection and arrangement case.¹¹ Skidmore's selection and arrangement argument fails because a **copyright** plaintiff "d[oes] not make an argument based on the overall selection and sequencing of . . . similarities," if the theory is based on "random similarities scattered throughout the works." [Metcalf, 294 F.3d at 1074-75](#) (quoting [Cavalier, 297 F.3d at 825](#)); see also [Litchfield, 736 F.2d at 1356](#) (same). Presenting a "combination of unprotectable elements" without explaining how these elements are particularly selected and arranged amounts to nothing more than trying to **copyright** commonplace elements. [Satava, 323 F.3d at 811-12](#). Without such arrangement, there is no liability for taking "ideas and concepts" from the plaintiff's work, "even in combination." [Rentmeester, 883 F.3d at 1122-23](#).

Skidmore misconstrues what the **[**55]** **copyright** law means by a "combination," "compilation," and "selection and arrangement" of unprotectable elements. The word "combination" cannot mean any "set" of artistic building blocks. We have explained that only the "new combination," that is the "novel arrangement," [Universal Pictures Co. v. Harold Lloyd Corp., 162 F.2d 354, 363](#)

[\(9th Cir. 1947\)](#) (emphasis added), and not "any combination of unprotectable elements . . . qualifies for **copyright** protection," [Satava, 323 F.3d at 811](#). Likewise, a protectable "compilation" is the precise "result[]" that is "formed by the collection and assembling of preexisting materials . . . that are selected, coordinated, or arranged." [17 U.S.C. § 101](#).

Therefore, a selection and arrangement **copyright** is infringed only where the works share, in substantial amounts, the "particular," *i.e.*, the "same," combination of unprotectable elements. [Feist, 499 U.S. at 349, 350-51](#). A plaintiff thus cannot establish substantial similarity by reconstituting the **copyrighted** work as a combination of unprotectable elements and then claiming that those same elements also appear in the defendant's work, in a different aesthetic context. Because many works of art can be recast as compilations of individually unprotected constituent parts, Skidmore's theory of combination **copyright** would deem substantially similar **[**56]** two vastly dissimilar musical compositions, novels, and paintings for sharing some of the same **[*1076]** notes, words, or colors. We have already rejected such a test as being at variance with maintaining a vigorous public domain. See, e.g., [Shaw, 919 F.2d at 1362-63](#).

To the extent Skidmore's combination theory was meant to encompass or be a variation on the theme of the selection and arrangement claim, the jury was adequately instructed, as noted below. To the extent Skidmore now claims the selection and arrangement theory was a separate claim, he never articulated that theory at trial. But, in any event, any omission was not in error. The trial court was not compelled to give the instruction, nor did it really matter in the end in light of the evidence and the jury's finding that the relevant portions of the songs were not substantially similar.

Ultimately, failure to properly invoke a selection and arrangement argument is a death knell for Skidmore's request for a selection and arrangement instruction. He is not entitled to an instruction based on a legal theory that was not presented to the jury. See [Roberts v. Spalding, 783 F.2d 867, 873 \(9th Cir. 1986\)](#) ("[T]he district court was under no duty to submit to the jury proposed instructions that contain . . . a theory

¹¹ Skidmore misconstrues *Swirsky's* observation that we have upheld "a jury finding of substantial similarity based on the combination of five otherwise unprotectable elements." [376 F.3d at 849](#). There, the court was trying to fathom which aspects of a musical composition can be used for a similarity analysis,

given that no definitive list of musical elements existed in the case law. Properly read, *Swirsky* left open the possibility that five or more different musical elements may be analyzed for a substantial similarity analysis, not that a set of five musical elements is always sufficient to find infringement. *Id.*

not **[**57]** supported by the evidence . . .").¹² The district court committed no error by declining to instruct the jury on selection and arrangement.¹³

4. The Jury Instructions Fairly Covered Skidmore's Theory

Even though the district court did not instruct the jury on selection and arrangement, its instructions, as a whole, fairly and adequately covered Skidmore's argument for extrinsic similarity between *Taurus* and *Stairway to Heaven*. As discussed above, Jury Instruction No. 20 explained to the jury that an "original work may include or incorporate elements taken from prior works or works from the public domain," and that the "original part" of the work only requires "minimal creativity" by the author. This instruction was immediately **[*1077]** followed by Jury Instruction No. 21, which explained that the taking of "original material protected by the copyright" in "significant" amounts constituted infringement. Accordingly, to determine whether the *Taurus* deposit copy was substantially similar to the musical composition of *Stairway to Heaven*, the jury needed to determine whether "any . . . musical elements that are original to *Taurus* . . . also appear in *Stairway* **[**58]** *to Heaven*." The instructions fairly and adequately covered Skidmore's sole argument on substantial similarity, *i.e.*, that there were "five things that these two songs '*Taurus*' and '*Stairway to Heaven*'" shared.

V. VARIOUS REMAINING CHALLENGES

¹²That both Skidmore and Led Zeppelin proposed their own version of a selection and arrangement instruction does not affect whether the district court was required to instruct the jury on the selection and arrangement theory. This just reflects the common practice of proposing, such as in this case several months ahead of trial, broad sets of jury instructions, trial exhibits, and witness lists that may cover an argument presented at trial. The court's ultimate decision on instructions depends on the proof at trial.

¹³Led Zeppelin and several amici have argued that even if Skidmore is entitled to a selection and arrangement instruction, the standard to determine unlawful appropriation under this theory is "virtual identity," not substantial similarity. We do not need to reach this issue because, as noted above, Skidmore has not made a sufficiency of evidence argument. But to be clear, we do not recognize a separate, heightened standard for proving actionable copying. The standard is always substantial similarity. Of course the degree of overlap in original expression

A. TRIAL TIME LIMITS

Based on pretrial proceedings and the scope of proposed testimony, before trial began, the district court advised the parties that each side would have ten hours of witness time. Neither party objected. Skidmore now complains the court's inflexibility was a due process violation. During Led Zeppelin's case in chief, the court advised that Skidmore's counsel was exceeding his time limits. Skidmore requested "a little bit of leeway in getting additional time." When the court gave Skidmore ten additional minutes for cross-examination of each of Led Zeppelin's remaining witnesses, Skidmore's counsel said, "[t]hat's fair." After Led Zeppelin concluded its case, Skidmore requested leave to call two rebuttal witnesses, though he did not identify them. There was no offer of proof and the request was denied.

The district court was not inflexible or unforgiving. Skidmore's counsel was warned during the trial that he was getting into "all **[**59]** kinds of background information and things that really aren't relevant to this case." The court gave extra time every day and in granting Skidmore extra time to examine defense witnesses, the court reminded counsel that his examination had been "repetitive," included "many questions that were irrelevant," and included "gaps . . . where [he] could have been presenting evidence." Although the court said there was "no excuse and no reason to give [Skidmore] more time," the court did so anyway. Skidmore has shown no prejudice from these rulings. The district court did not abuse its discretion in limiting trial time by being up front about the limits and then being flexible at counsel's request. See [*Monotype Corp. v. Int'l Typeface Corp.*, 43 F.3d 443, 450-51 \(9th](#)

that is required for the similarity to be substantial is determined by the range of possible protectable expression. See [*Apple Comput.*, 35 F.3d at 1443](#). More similarities are required to infringe if the range of protectable expression is narrow, because the similarities between the two works are likely to cover public domain or otherwise unprotectable elements. See [*Mattel, Inc. v. MGA Entm't, Inc.*, 616 F.3d 904, 913-14 \(9th Cir. 2010\)](#). Thus, for works where there is a narrow range of available creative choices, the defendant's work would necessarily have to be "virtually identical" to the plaintiff's work in order to be substantially similar. We have at times described this result as the work having a "thin" copyright. *E.g.*, [*Apple Comput., Inc.*, 35 F.3d at 1446-47](#); see also [*Harper House, Inc. v. Thomas Nelson, Inc.*, 889 F.2d 197, 205 \(9th Cir. 1989\)](#) ("A factual compilation receives only limited copyright protection."). A selection and arrangement copyright is not always thin. Compare [*L.A. Printex Indus.*, 676 F.3d at 850](#) (broad selection and arrangement copyright) with [*Satava*, 323 F.3d at 811](#) (thin selection and arrangement copyright).

[Cir. 1994](#)).

B. THE DISTRICT COURT'S RESPONSE TO JURY QUESTION

During deliberation, the jury asked to listen to "1. Plaintiff's audio of *Taurus* (guitar)" and "2. Plaintiff's audio of *Stairway to Heaven* (guitar)." During trial, Skidmore's witness, master guitarist Kevin Hanson, performed two versions of the *Taurus* deposit copy—one with just the bass clef part and one with the treble and bass clef parts together. Skidmore's counsel argued that the jury should hear the bass-clef-only version because that version **[**60]** was played repeatedly during trial whereas the version with both parts "was never played . . . in full." When the court asked the jury which version it wanted to hear, one juror said "Bass clef," while the jury foreperson followed up and said "full copy." No other juror spoke up or countermanded the foreperson's request. The district court directed that the full deposit-copy version be played and asked if that answered the jury's question. The foreperson replied, "thank you." Skidmore made no objection at that point and the jury heard the "full copy," which includes both clefs in the introduction to the songs. The jury made no follow-up request. Skidmore waived any objection to the claim **[*1078]** that there was a conflict between jurors and any error was harmless.

C. ADMISSION OF DR. FERRARA'S TESTIMONY

Skidmore filed a motion for sanctions and to preclude Led Zeppelin's expert musicologist, Dr. Ferrara, from testifying at trial. At his deposition, Dr. Ferrara testified that he had previously analyzed the similarities between *Taurus* and *Stairway to Heaven* sound recordings for Rondor Music ("Rondor"), a subsidiary of Universal Music Publishing Group. Universal Music Publishing Group was working **[**61]** for Hollenbeck, Spirit's publisher. Dr. Ferrara explained that his analysis for Rondor had already been completed by the time he was contacted by Led Zeppelin's counsel. Rondor waived any conflict and consented to Led Zeppelin retaining Dr. Ferrara as an expert witness.

As a preliminary matter, the district court denied Skidmore's motion as improperly noticed, over the page limit, and untimely. On that basis alone, the district court's ruling was not an abuse of discretion. But even without these infirmities, the district court did not err in denying the motion. Skidmore's challenge is based on a purported conflict of interest that made it improper for Dr. Ferrara to testify for Led Zeppelin without disclosing the conflict or obtaining a waiver from Skidmore.

This argument fails because there was no conflict of interest. Although Rondor waived any potential conflict from having Dr. Ferrara testify on behalf of Led Zeppelin, even that is immaterial because Rondor does not have any interest in this litigation. Skidmore contends that Rondor's parent, Universal Music, was working for Hollenbeck, an entity that owed a fiduciary duty to Skidmore as a publisher of Spirit's music. But a music **[**62]** publisher does not have a fiduciary relationship with its composers, absent special circumstances. See [Cafferty v. Scotti Bros. Records, Inc.](#), 969 F. Supp. 193, 205 (S.D.N.Y. 1997). Skidmore made no showing of any special circumstances, or that Hollenbeck was a fiduciary of the Trust. Nor did Skidmore show that Dr. Ferrara had confidential information concerning Skidmore. See [Erickson v. Newmar Corp.](#), 87 F.3d 298, 300 (9th Cir. 1996). Rondor retained Dr. Ferrara to obtain his opinion on two publicly available sound recordings, which he communicated telephonically to Rondor. All of this occurred before Dr. Ferrara ever had contact with Led Zeppelin's attorneys. The district court did not abuse its broad discretion by permitting this expert testimony. See [Campbell Indus. v. M/V Gemini](#), 619 F.2d 24, 27 (9th Cir. 1980).

D. ATTORNEYS' FEES

Warner/Chappell cross appeals the district court's denial of attorneys' fees and costs under [17 U.S.C. § 505](#). The Supreme Court counsels that a court has "broad leeway" to consider the relevant factors that promote the purposes of the **Copyright** Act, but the Court also has cautioned against giving substantial weight to just one factor, and directed the courts to "give due consideration to all . . . circumstances relevant to granting fees." [Kirtsaeng v. John Wiley & Sons, Inc.](#), 136 S. Ct. 1079, 1083, 1085, 1095 L. Ed. 2d 368 (2016).

Here, after weighing the factors and the circumstance of the case, the district court found that litigation misconduct and **[**63]** the degree of success swung solidly in favor of Warner/Chappell, that the need for compensation weighed slightly in favor of Warner/Chappell, but that motivation, frivolousness, and objective reasonableness weighed strongly in favor of Skidmore. See [Fantasy, Inc. v. Fogerty](#), 94 F.3d 553, 558-59 **[*1079]** (9th Cir. 1996). Warner/Chappell's argument that litigation misconduct should form a sole, independent basis for consideration is contrary to the Supreme Court's guidance in *Kirtsaeng*. The district court did not abuse its discretion in concluding that an award of attorneys' fees was not appropriate in light of the **Copyright** Act's essential goals. Nor did the district court err in declining to award costs to

CONCLUSION

This copyright case was carefully considered by the district court and the jury. Because the 1909 Copyright Act did not offer protection for sound recordings, Skidmore's one-page deposit copy defined the scope of the copyright at issue. In line with this holding, the district court did not err in limiting the substantial similarity analysis to the deposit copy or the scope of the testimony on access to *Taurus*. As it turns out, Skidmore's complaint on access is moot because the jury found that Led Zeppelin had access to the **[**64]** song. We affirm the district court's challenged jury instructions. We take the opportunity to reject the inverse ratio rule, under which we have permitted a lower standard of proof of substantial similarity where there is a high degree of access. This formulation is at odds with the copyright statute and we overrule our cases to the contrary. Thus the district court did not err in declining to give an inverse ratio instruction. Nor did the district court err in its formulation of the originality instructions, or in excluding a selection and arrangement instruction. Viewing the jury instructions as a whole, there was no error with respect to the instructions. Finally, we affirm the district court with respect to the remaining trial issues and its denial of attorneys' fees and costs to Warner/Chappell.

The trial and appeal process has been a long climb up the Stairway to Heaven. The parties and their counsel have acquitted themselves well in presenting complicated questions of copyright law. We affirm the judgment that Led Zeppelin's Stairway to Heaven did not infringe Spirit's *Taurus*.

AFFIRMED.

United States Court of Appeals for the Ninth Circuit

Office of the Clerk

95 Seventh Street

San **[**65]** Francisco, CA 94103

Information Regarding Judgment and Post-Judgment Proceedings

Judgment

- This Court has filed and entered the attached judgment in your case. *Fed. R. App. P. 36*. Please note the filed date on the attached decision because

all of the dates described below run from that date, not from the date you receive this notice.

Mandate (*Fed. R. App. P. 41*; [9th Cir. R. 41-1 & -2](#))

- The mandate will issue 7 days after the expiration of the time for filing a petition for rehearing or 7 days from the denial of a petition for rehearing, unless the Court directs otherwise. To file a motion to stay the mandate, file it electronically via the appellate ECF system or, if you are a pro se litigant or an attorney with an exemption from using appellate ECF, file one original motion on paper.

Petition for Panel Rehearing (*Fed. R. App. P. 40*; [9th Cir. R. 40-1](#))

Petition for Rehearing En Banc (*Fed. R. App. P. 35*; [9th Cir. R. 35-1 to -3](#))

(1) A. Purpose (Panel Rehearing):

- A party should seek panel rehearing only if one or more of the following grounds exist:
 - A material point of fact or law was overlooked in the decision;
 - A change in the law occurred after the case was submitted which appears to have been overlooked by the panel; or
 - An apparent conflict with another decision of the Court was not addressed in the opinion. **[**66]**
- Do not file a petition for panel rehearing merely to reargue the case.

B. Purpose (Rehearing En Banc)

- A party should seek en banc rehearing only if one or more of the following grounds exist:
 - Consideration by the full Court is necessary to secure or maintain uniformity of the Court's decisions; or
 - The proceeding involves a question of exceptional importance; or
 - The opinion directly conflicts with an existing opinion by another court of appeals or the Supreme Court and substantially affects a rule of national application in which there is an overriding need for national uniformity.

(2) Deadlines for Filing:

- A petition for rehearing may be filed within 14 days after entry of judgment. *Fed. R. App. P. 40(a)(1)*.
- If the United States or an agency or officer thereof is a party in a civil case, the time for filing a petition for rehearing is 45 days after entry of judgment. *Fed. R. App. P. 40(a)(1)*.

- If the mandate has issued, the petition for rehearing should be accompanied by a motion to recall the mandate.

- See Advisory Note to [9th Cir. R. 40-1](#) (petitions must be received on the due date).

- An order to publish a previously unpublished memorandum disposition extends the time to file a petition for rehearing to 14 days after the date of the order **[**67]** of publication or, in all civil cases in which the United States or an agency or officer thereof is a party, 45 days after the date of the order of publication. [9th Cir. R. 40-2](#).

(3) Statement of Counsel

- A petition should contain an introduction stating that, in counsel's judgment, one or more of the situations described in the "purpose" section above exist. The points to be raised must be stated clearly.

(4) Form & Number of Copies ([9th Cir. R. 40-1](#); *Fed. R. App. P. 32(c)(2)*)

- The petition shall not exceed 15 pages unless it complies with the alternative length limitations of 4,200 words or 390 lines of text.
- The petition must be accompanied by a copy of the panel's decision being challenged.
- An answer, when ordered by the Court, shall comply with the same length limitations as the petition.

- If a pro se litigant elects to file a form brief pursuant to [Circuit Rule 28-1](#), a petition for panel rehearing or for rehearing en banc need not comply with *Fed. R. App. P. 32*.

- The petition or answer must be accompanied by a Certificate of Compliance found at Form 11, available on our website at [www.ca9.uscourts.gov](#) under *Forms*.

- You may file a petition electronically via the appellate ECF system. No paper copies are required unless the Court orders otherwise. If you are a pro se **[**68]** litigant or an attorney exempted from using the appellate ECF system, file one original petition on paper. No additional paper copies are required unless the Court orders otherwise.

Bill of Costs (*Fed. R. App. P. 39*, [9th Cir. R. 39-1](#))

- The Bill of Costs must be filed within 14 days after entry of judgment.

- See Form 10 for additional information, available on

our website at [www.ca9.uscourts.gov](#) under *Forms*.

Attorneys Fees

- [Ninth Circuit Rule 39-1](#) describes the content and due dates for attorneys fees applications.

- All relevant forms are available on our website at [www.ca9.uscourts.gov](#) under *Forms* or by telephoning (415) 355-7806.

Petition for a Writ of Certiorari

- Please refer to the Rules of the United States Supreme Court at [www.supremecourt.gov](#)

Counsel Listing in Published Opinions

- Please check counsel listing on the attached decision.

- If there are any errors in a published opinion, please send a letter **in writing within 10 days** to:

- ▶ Thomson Reuters; 610 Opperman Drive; PO Box 64526; Eagan, MN 55123 (Attn: Jean Green, Senior Publications Coordinator);

- ▶ and electronically file a copy of the letter via the appellate ECF system by using "File Correspondence to Court," or if you are an attorney exempted from using the appellate ECF system, mail **[**69]** the Court one copy of the letter.

**UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**
Form 10. Bill of Costs

Instructions for this form: <http://www.ca9.uscourts.gov/forms/form10instructions.pdf>

9th Cir. Case Number(s)

Case Name

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Form 10 Rev. 12/01/2018

Concur by: WATFORD; IKUTA (In Part)

Concur

WATFORD, Circuit Judge, concurring:

I join the court's opinion, with the exception of section IV.C. I see no reason to decide whether Skidmore adequately preserved his request for a selection-and-arrangement instruction because, even if such an instruction had been given, no reasonable jury could have found infringement here.

At trial, Skidmore predicated his theory of originality on *Taurus'* selection and arrangement of five unprotectable musical elements in the first four measures of the song. Specifically, Skidmore contended that *Taurus* uniquely combined the following features: a five-note descending chromatic scale in A minor; a sequence of half notes and whole notes in the scale; a melody involving various arpeggios and note pairs; a rhythm of successive eighth

notes; and a collection of pitches in distinct proportions. None of those elements is subject to **copyright** protection in its own right; they belong to the public domain from which all musical composers are free to draw. See, e.g., *Granite Music Corp. v. United Artists Corp.*, 532 F.2d 718, 720 (9th Cir. 1976); **Copyright** Office Compendium § 802.5(A) (3d ed. 2017).

Skidmore can claim protection for the original selection and arrangement of those elements, **[**70]** but the scope of that protection depends on the "range of possible expression." *Apple Computer, Inc. v. Microsoft Corp.*, 35 F.3d 1435, 1443 (9th Cir. 1994). There are relatively few ways to express a combination of five basic elements in just four measures, especially given the constraints of particular musical **[*1080]** conventions and styles. See *Darrell v. Joe Morris Music Co.*, 113 F.2d 80, 80 (2d Cir. 1940) (per curiam). For instance, once Randy Wolfe settled on using a descending chromatic scale in A minor, there were a limited number of chord progressions that could reasonably accompany that bass line (while still sounding pleasant to the ear).¹

In light of the narrow range of creative choices available here, Skidmore "is left with only a 'thin' **copyright**, which protects against only virtually identical copying." *Ets-Hokin v. Skyway Spirits, Inc.*, 323 F.3d 763, 766 (9th Cir. 2003); see also *Apple Computer*, 35 F.3d at 1439 ("When the range of protectable and unauthorized expression is narrow, the appropriate standard for illicit copying is virtual identity."). In my view, this standard is separate from—and more demanding than—the "substantial similarity" test. As our cases have repeatedly recognized, the substantial-similarity framework applies only to works with broad **copyright** protection, while the virtual-identity standard governs thin **copyrights**. See, e.g., *L.A. Printex Industries, Inc. v. Aeropostale, Inc.*, 676 F.3d 841, 851 (9th Cir. 2012); *Mattel, Inc. v. MGA Entertainment, Inc.*, 616 F.3d 904, 913-14 (9th Cir. 2010); *Satava v. Lowry*, 323 F.3d 805, 812 (9th Cir. 2003); *Ets-Hokin*, 323 F.3d at 766; *Apple Computer*, 35 F.3d at 1439.

Contrary to Skidmore's contention, we have **[**71]** never held that musical works are necessarily entitled to broad **copyright** protection. We did state in *Williams v. Gaye*, 895 F.3d 1106 (9th Cir. 2018), that "[m]usical compositions are not confined to a narrow range of expression." *Id.* at 1120. But we made that statement in the context of assessing the creative choices involved in composing an entire song, which of course could involve

¹ Skidmore argues that *Taurus'* omission of one note from the descending chromatic scale further contributed to the song's originality. While this alteration may represent an original use of

the descending chromatic scale, it does not change the limited scope of *Taurus'* **copyright**. As with Skidmore's selection-and-arrangement theory, there are only so many ways to modify a descending chromatic scale in four measures.

a broad range of expression. See [id. at 1117-18, 1120](#). We had no occasion there to categorically exempt musical works from the same principles we use to assess the scope of **copyright** protection for all other works.

Given the thin protection afforded the selection and arrangement of basic musical elements at issue here, Skidmore could prove infringement only if the relevant passages of *Taurus* and ***Stairway to Heaven*** are virtually identical. They are not. Undeniable and obvious differences exist between the first four measures of both songs: The notes in the melodies are different; the use of the treble clef in conjunction with the bass clef is different; and the rhythm of eighth notes is different. Those facts preclude a finding of virtual identity. As a result, even if the district court had given the jury a selection-and-arrangement instruction, Skidmore's infringement claim would **[**72]** have failed as a matter of law.

Dissent by: IKUTA (In Part)

Dissent

IKUTA, Circuit Judge, joined by BEA, Circuit Judge, concurring in part and dissenting in part:

The plaintiff's theory of infringement in this case was straightforward: a four-bar musical passage of *Taurus* that combined an ascending line and a descending chromatic line in a unique and memorable way was substantially similar to the "iconic notes" of a musical passage repeated multiple times in the first two minutes and fourteen seconds of ***Stairway to Heaven***. Both the plaintiff and defendant requested jury instructions on the key legal principle underlying this theory: that a combination **[*1081]** of common musical elements can be protectable under **copyright** law, even if each individual element is too common on its own to be protected. Although this legal principle is well supported in our case law and had ample foundation in the evidence in this case, the district court failed to give any instruction on this theory to the jury. Without plaintiff's requested instruction, the jury was deprived of the opportunity to consider the plaintiff's central theory of the case, and the

instructions given to the jury (to the effect that common musical elements were **[**73]** not protectable under **copyright** law) were misleading. Therefore, I dissent from Part IV(B) to (C).

I

It was the late 1960s when songwriter Randy "California" Wolfe wrote a new instrumental piece which he entitled *Taurus* after the astrological sign of a woman he loved and eventually married.¹ Wolfe's band, Spirit, played the song regularly, and it became one of the band's signature numbers. There was substantial evidence that Led Zeppelin was at least familiar with Spirit and their work. In 1968, for instance, Led Zeppelin opened for Spirit at a concert in Denver, and the two bands played the same concerts on other occasions. Randy Wolfe died in 1997, and his intellectual property passed into a trust.

When the Supreme Court ruled in 2014 that laches would not bar a **copyright** infringement lawsuit, see [Petrella v. Metro-Goldwyn-Mayer, Inc., 572 U.S. 663, 668, 134 S. Ct. 1962, 188 L. Ed. 2d 979 \(2014\)](#), Michael Skidmore, the trustee for Randy Wolfe's estate, filed suit against Led Zeppelin. As stated in the original complaint, Skidmore's theory was that the "iconic notes to '***Stairway to Heaven***,' that have enthralled generations of fans, sound almost exactly the same as" the "unique 2 minutes and 37 second instrumental titled 'Taurus.'"

At trial, Skidmore presented evidence to the jury to **[**74]** show the following: The deposit copy of *Taurus* is a single page, comprising 18 bars of music. Skidmore focused on a fourbar passage from this deposit copy, which Skidmore claimed was both unique and protectable, and which was substantially similar to a repeated musical passage in ***Stairway to Heaven***. The four-bar passage in *Taurus* (referred to as "Section A") is followed by a seven-measure bridge (labeled "Section B") in an AABAAB format. Section A had an ascending arpeggiated melodic line (identified in the treble clef) that included a series of two-note melodic phrases that move from A to B, B to C, and C to F sharp. This ascending melodic line is played over an arpeggiated descending chromatic line (identified in the bass clef) which skipped the note "E" in its descent before resolving harmonically.² According to Skidmore's experts, Section A of *Taurus* is memorable and unique. Although descending chromatic lines are commonly used in certain genres of music, Dr.

¹ The origin of the song remains a bit of a mystery, as Skidmore alleged in his complaint that the song was inspired by Wolfe's deep affection for his bandmates from the band Spirit, some of whom had the astrological sign Taurus.

² Led Zeppelin's expert, Dr. Lawrence Ferrara, likewise testified that the focus of the case was on Section A of *Taurus*, which had "relevant similarities" to the "opening four measures of the guitar" that is played six times in the first two minutes and fourteen seconds of ***Stairway to Heaven***.

Alexander Stewart testified that the composer of *Taurus* had "found a way to use it in a way that is unlike other works that use [a descending chromatic] line." Specifically, most songs employing a descending chromatic line **[**75]** resolve the scale by passing through the fifth note of the scale (here, the note E), but *Taurus* stops short of the fifth note. Stewart also testified that the combination of two-note melodic **[*1082]** phrases in the ascending line in Section A was "unique," "distinct," and "used in an original and creative way." Skidmore's experts discussed a number of other musical elements in Section A, including the rhythm, chord progression, and duration of pitches in the minor descending chromatic line. Finally, Skidmore presented expert testimony that the combination of the descending and ascending lines, along with the other musical elements, made Section A unique. Stewart testified that the combination of musical elements in Section A, including "an ascending line with unique AB, BC, C to F-sharp pairs" and "the descending line having a similar chord progression arpeggiated in a unique way" were "significant" and "unique" when taken together. And Kevin Hanson, another expert, testified that "the descending chromatic line, in conjunction with the other arpeggiated figures in the ascending melody . . . combined [to] form one piece of original music."

In addition to offering evidence **[**76]** that Section A of *Taurus* was unique and original, Skidmore also presented evidence that the opening two minutes and fourteen seconds of *Stairway to Heaven* incorporated elements that were substantially similar to Section A of *Taurus*. *Stairway to Heaven*'s opening included a thirteen-second musical passage (also referred to as Section A) which is repeated six times, separated by a B section or bridge, in an AABABAA format. *Stairway to Heaven*'s Section A contained an ascending line which used a substantially identical pitch sequence as Section A in *Taurus*, as well as the same memorable two-note phrases. This ascending line played over a descending chromatic line, which likewise skipped over the fifth note in resolving the scale. In his closing argument, Skidmore asserted that "the only two songs in music history that are able to show that it skips the E was two pieces of work: 'Taurus' and '*Stairway to Heaven*.'" In addition to using the same pitch sequence, *Stairway to Heaven* used the same rhythm and metric placement.

³ The numbering of these three instructions corresponds to the instructions eventually given by the court.

⁴ The majority refers to this instruction regarding the protectability of a combination of musical elements as a "selection and arrangement instruction." While I use this

Led Zeppelin's defense was based on its argument that the musical elements in Section A of *Taurus* were too common to be protectable. Accordingly, it proposed the following **[**77]** jury instructions.³ Instruction No. 16 stated that "common musical elements, such as descending chromatic scales, arpeggios or short sequences of three notes" are not protected by copyright. Instruction No. 20 stated that "any elements from prior works or the public domain are not considered original parts and not protected by copyright." And Instruction No. 21 stated:

You must then disregard all musical elements that are not original to *Taurus*. Once you have disregarded all musical elements that are not original to *Taurus*, you must decide whether there are any remaining musical elements that are original to *Taurus* and also appear in *Stairway to Heaven* and, if so, whether they are substantial similarities or insubstantial similarities.

In response, Skidmore proposed two instructions to explain that while musical elements that are too common are not protectable under copyright law, such common elements could be protectable in combination under some circumstances.⁴ Proposed **[*1083]** Instruction No. 35 read, in part, that "[a] combination of individually otherwise unprotected elements can be infringed upon." Skidmore also proposed Jury Instruction No. 38, entitled "Combination of Unprotectable Elements," **[**78]** which stated: "You may find a combination of unprotectable elements to be protectable."

Led Zeppelin objected to both instructions and proposed Instruction No. 29, which stated: "An author's arrangement and selection of unprotected elements is eligible for copyright protection only if those elements are numerous enough and their selection and arrangement original enough that their combination constitutes an original work of authorship." Skidmore objected to this formulation of the instruction.

The district judge considered these objections, but did not allow the parties to make any arguments. Although the judge conferred with the parties outside of the presence of the jury to rule on various pretrial motions, he asked the lawyers to recess for 45 minutes while he prepared

terminology for convenience, the words "selection" and "arrangement" have no special significance in our precedent; the missing instruction could equally be termed a "combination instruction" or "compilation instruction." See, e.g., *Satava v. Lowry*, 323 F.3d 805, 811 (9th Cir. 2003) (allowing that an original "combination of unprotectable elements may qualify for copyright protection").

the jury instructions. After the recess, the judge addressed counsel, and stated: "This is not to discuss with counsel what instructions are going to be given and which aren't. Both sides have fully briefed this on the instructions, their objections, their replies, et cetera, that I am confident that I can just come out and give the instructions." The judge then appointed Skidmore's counsel to act **[**79]** as "scrivener" to "prepare a clean set of instructions," and dictated the approved jury instructions to Skidmore's lawyer. The court included Led Zeppelin's Instruction Nos. 16, 20 and 21, but did not include either Skidmore's or Led Zeppelin's version of the selection and arrangement instruction. Skidmore's lawyer commented on the wording of two instructions. But when he raised a concern regarding the omission of an instruction on the inverse ratio rule, the court dismissed the question brusquely, saying that the issue was not addressed "because we weren't giving that instruction," and repeated, "[w]e're not going to give that instruction." The judge then ended the meeting. The court's decision to omit any selection and arrangement instruction was not discussed.

On appeal, Skidmore argues that the court erred in not giving the jury the proposed instruction.

II

"A party is entitled to an instruction about his or her theory of the case if it is supported by law and has foundation in the evidence." *Jones v. Williams*, 297 F.3d 930, 934 (9th Cir. 2002) (citing *Jenkins v. Union Pac. R.R. Co.*, 22 F.3d 206, 210 (9th Cir. 1994)). A district court errs when it "rejects proposed jury instructions that are properly supported by the law and the evidence." *Clem v. Lomeli*, 566 F.3d 1177, 1181 (9th Cir. 2009). Moreover, "[j]ury instructions must be formulated so that **[**80]** they fairly and adequately cover the issues presented, correctly state the law, and are not misleading." *Duran v. City of Maywood*, 221 F.3d 1127, 1130 (9th Cir. 2000) (per curiam) (quoting *Gilbrook v. City of Westminster*, 177 F.3d 839, 860 (9th Cir. 1999)). "In evaluating jury instructions, prejudicial error results when, looking to the instructions as a whole, the substance of the applicable law was [not] fairly and correctly covered." *Swinton v. Potomac Corp.*, 270 F.3d 794, 802 (9th Cir. 2001) (cleaned up) (quoting *In re Asbestos Cases*, 847 F.2d 523, 524 (9th Cir. 1988)).

Skidmore's request for an instruction that "a combination of unprotectable elements [is] protectable" is supported by both law and evidence.

[*1084] First, as the majority agrees, the principle underlying Skidmore's requested jury instruction is well-

supported in law. Maj. Op. at 44-45. The Supreme Court has made clear that even a work "that contains absolutely no protectible . . . expression" can meet "the constitutional minimum for copyright protection if it features an original selection or arrangement." *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 348, 111 S. Ct. 1282, 113 L. Ed. 2d 358 (1991). We have applied this principle to musical elements. In doing so, we do not draw a distinction between a "combination," "compilation," and a "selection and arrangement" of musical elements. Thus, in *Three Boys Music Corp. v. Bolton*, we upheld a jury finding of "infringement based on a unique compilation" of five unprotectable musical elements: "(1) the title **[**81]** hook phrase (including the lyric, rhythm, and pitch); (2) the shifted cadence; (3) the instrumental figures; (4) the verse/chorus relationship; and (5) the fade ending." 212 F.3d 477, 485 (9th Cir. 2000). Similarly, in *Swirsky v. Carey*, we disapproved of the district court's approach to pulling "elements out of a song individually, without also looking at them in combination," explaining that to "disregard chord progression, key, tempo, rhythm, and genre is to ignore the fact that a substantial similarity [between copyrighted and allegedly infringing works] can be found in a combination of elements, even if those elements are individually unprotected." 376 F.3d 841, 848 (9th Cir. 2004). Even though "chord progressions may not be individually protected, if in combination with rhythm and pitch sequence, they show the chorus of [a work] to be substantially similar to [another work], infringement can be found." *Id.*; see also *Satava v. Lowry*, 323 F.3d 805, 811 (9th Cir. 2003) (applying this principle to visual arts, and holding that "a combination of unprotectable elements may qualify for copyright protection" so long as the "combination constitutes an original work of authorship" and is "sufficiently original to merit protection") (emphasis and citations omitted). Accordingly, the legal basis for an **[**82]** instruction that a combination of unprotectable elements may be protectable under copyright law is well-established.

Second, the evidence introduced at trial was sufficient for the court to instruct the jury on this principle. Both of Skidmore's experts testified that Section A of *Taurus* was original and creative and gave *Taurus* a distinct and memorable sound. Both also testified that the combination of musical elements present in Section A of *Taurus* was substantially similar to the six thirteen-second passages in Section A of *Stairway to Heaven*. This evidence is sufficient for a reasonable juror to conclude that Section A of *Taurus* was protectable, and that the repeated appearance of a substantially similar musical passage in the first two minutes and fourteen seconds of *Stairway to Heaven* constituted

infringement. Because Skidmore's proposed instruction had a foundation in law and was supported by the evidence, the district court erred in declining to give it.

This error cut the heart out of Skidmore's case. Without this instruction, the three instructions given by the court regarding the unprotectability of common elements (Instruction Nos. 16, 20 and 21) told the jury that a descending **[**83]** chromatic scale, arpeggios, and other common elements are not protected by copyright, and that the jury must disregard all such elements. In other words, the jury was told to disregard the precise elements that Skidmore's experts testified had been combined in a unique and original way, and thus the district court improperly foreclosed the possibility that *Taurus*'s combination of a descending chromatic line (which skipped the note E) and an ascending line using memorable note pairs was protected. **[*1085]** Therefore, while Instruction Nos. 16, 20 and 21 are correct statements of the law, they are misleading in omitting the principle that a combination of unprotected elements can be protected. As such, the jury instructions establish a legal principle that is erroneous, and if allowed to stand, establish a mistaken view of copyright protection. Reversal for a new trial is required.

III

The majority's conclusion that "the district court did not commit any error" in failing to give the jury a selection and arrangement instruction is wrong as a matter of law.⁵ Maj. Op. at 43. First, the majority makes a legal error in concluding that Skidmore was not entitled to a selection and arrangement instruction **[**84]** because "Skidmore never presented the argument to the jury." Maj. Op. at 43. Rather, according to the majority, Skidmore's copyright infringement claim was based on "disparate categories of unprotectable elements," which the majority describes as the "minor chromatic line and associated chords; duration of pitches of minor chromatic line; melody placed over the descending chromatic line consisting of combination of arpeggios and two-note sequences; rhythm of steady 8th note beats; and pitch collection." The majority claims that

Skidmore "never argued how these musical components related to each other to create the overall design, pattern, or synthesis." Maj. Op. at 44.

The majority's characterization of Skidmore's case is belied by both the trial record and by common sense. Hanson testified that Section A of *Taurus* had the holistic musical design that the majority says is lacking from Skidmore's argument; among other things, "the descending chromatic line, in conjunction with the other arpeggiated figures in the ascending melody . . . combined [to] form one piece of original music." Stewart also testified that the combination of musical elements present in Section A of *Taurus* was "unique and original." **[**85]** And in closing argument, contrary to the majority's contention, Maj. Op. at 43, Skidmore reiterated that it was the combination of a descending chromatic line and ascending line that made *Taurus* unique and protectable. This is a paradigmatic "selection and arrangement" theory, similar to the one we approved of in [*Three Boys*, 212 F.3d at 485](#) (upholding a jury finding of infringement based on a "unique compilation of [musical] elements").

Moreover, the majority's claim that Skidmore's selection and arrangement argument fails because his theory was based on "random similarities scattered throughout the works," Maj. Op. at 45 (emphasis omitted), is unreasonable on its face given the brief nature of the passage Skidmore argued was protected.⁶ As the majority **[*1086]** acknowledges, Maj. Op. at 43, Section A of *Taurus* consists of only four bars of music. And Skidmore argued that the combination of the musical elements in this passage (the ascending melodic line is played over an arpeggiated descending chromatic line which skipped the note "E" in its descent) made it a unique piece of original music that was substantially similar to a specific thirteen-second passage in [*Stairway to Heaven*](#). Nor does the trial record support the **[**86]** majority's claim that the similarities were "scattered throughout" Section A of *Taurus*; rather, Skidmore explained at trial that the various musical

⁵ Because the majority concludes that the district court "did not commit any error" at all, Maj. Op. at 43, it is irrelevant to the majority's decision whether Skidmore preserved his claim of error and, if not, whether the district court's error was plain. Because the majority's discussion of these points is unnecessary, I focus on the majority's erroneous reasoning regarding the merits of the district court's error.

⁶ The concurrence's claim that *Taurus* is entitled to meager copyright protection because there "are relatively few ways to express a combination" of notes "in just four measures," and

because there is only a "narrow range of creative choices available here," Concurrence at 55, would come as a surprise to the experts who opined on *Taurus* - and indeed, would likely surprise any talented composer. Like words, musical notes are subject to a range of expression limited only by the imagination and skill of the artist. A poet may select and arrange a mere 16 words (all of them common and unprotectable by themselves) so they are as memorable and unique as a Shakespeare play. See, e.g., William Carlos Williams, *The Red Wheelbarrow*, in *THE COLLECTED POEMS OF WILLIAM CARLOS WILLIAMS, VOLUME I, 1909-1939* at 224 (A. Walton Litz & Christopher MacGowan eds., 1986).

elements that were combined in an original way to form *Taurus* played "simultaneously." There is simply no support in the record for the majority's theory that Skidmore's infringement claim was based on random "disparate categories of unprotectable elements" in *Taurus* that merely had counterparts in *Stairway to Heaven*. Maj. Op. at 45.

In short, the majority's misunderstanding of the evidence and its conclusion that the musical elements identified by Skidmore "do not cohere to form a holistic musical design" as a matter of law, Maj. Op. at 45, provide a good lesson as to why, as an appellate body, we are foreclosed from determining whether an identified combination of musical elements is original. We are not well situated to determine whether a musical passage is original; such a determination should have been left up to a properly instructed jury. See *Dezendorf v. Twentieth Century-Fox Film Corp.*, 99 F.2d 850, 851 (9th Cir. 1938). Nor should we determine whether the four bars at issue meet some judicially constructed **[**87]** standard for "holistic musical design." *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251, 23 S. Ct. 298, 47 L. Ed. 460, 1903 Dec. Comm'r Pat. 650 (1903) ("It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits."). But without an instruction that a combination of unprotectable elements can be protectable if combined in an original way, the jury in Skidmore's case was deprived of the opportunity to pass judgment on Skidmore's selection and arrangement theory.

IV

Although unnecessary to its resolution, the majority's rulings on forfeiture and plain error are also wrong. Maj. Op. at 39-43.

A

First, Skidmore did not forfeit his objection to the district court's omission of his selection and arrangement instruction. As we have previously explained, a party need not make a formal objection to the omission of a jury instruction if the party has made the district court "fully aware of a [party's] position" with respect to a jury instruction, *Brown v. AVE MCO Inv. Corp.*, 603 F.2d 1367, 1371 (9th Cir. 1979), such as by raising the issue on multiple occasions, see *Dorn*, 397 F.3d at 1189, and the district court has made clear that it would not give the instruction, see *id.* (holding that party did not have to object to the underlying jury instruction **[**88]** when the court was fully informed regarding the party's position on the jury instructions and "any further objection would

have been superfluous and futile"); *Brown*, 603 F.2d at 1373 (holding that the party preserved its objection to a jury instruction when the court was aware of the issue and it was clear that the court would not change its mind).

[*1087] Here, as in *Brown*, the judge was fully aware of Skidmore's position on the requested jury instruction. Skidmore had proposed two jury instructions on the issue, and questioned witnesses at trial about the creative combination of various musical elements in *Taurus*. Led Zeppelin even cited Skidmore's reliance on a selection and arrangement theory as the rationale for proposing a selection and arrangement instruction of its own, which it described as "crucial." Moreover, as in *Dorn*, objecting would have been pointless. The judge made clear that he had already heard all the argument he would need, and that he did not want to discuss which instructions "are going to be given and which aren't" with counsel. Although the majority discounts the effect of the judge's warning because Skidmore sought to clarify or correct the jury instructions on other issues, the judge brusquely **[**89]** silenced Skidmore when he mentioned the omission of an instruction on the inverse ratio rule. At that point, any objection would be "superfluous and futile as well as contrary to the court's warning." *Dorn*, 397 F.3d at 1189. We do not know what objections Skidmore would have raised if not for the court's prefatory warning that began the conference and its sharp rejection of Skidmore's request at the close of the conference; the majority thus reads too much into Skidmore's effort to open the door to further discussion by assuring the court there would only be "one last thing." Given the imbalance of power that exists between a judge and a litigant, we should be careful not to require a litigant to defy explicit warnings from the court. Accordingly, Skidmore preserved his challenge to the omission of a selection and arrangement instruction, and the majority's review should have been de novo. See *Gulliford v. Pierce Cty.*, 136 F.3d 1345, 1348 (9th Cir. 1998).

B

Second, even if Skidmore had forfeited his objection to the omission of the selection and arrangement instruction, the district court's failure to give this instruction - which had been requested by both parties - was plainly erroneous, and the majority's conclusion to the contrary is wrong. Under our plain error **[**90]** jurisprudence, "[w]e may exercise our discretion to correct a district court on plain error review when the following factors are met: (1) the district court erred; (2) the error was obvious or plain; (3) the error affected substantial rights; and (4) the error 'seriously impaired the fairness, integrity, or public reputation of judicial proceedings.'" *Hoard v. Hartman*, 904 F.3d 780,

[787 \(9th Cir. 2018\)](#) (quoting *C.B. v. City of Sonora*, 769 F.3d 1005, 1018-19 (2014)). An error affects substantial rights when it "affect[s] the outcome of the district court proceedings." [United States v. Olano](#), 507 U.S. 725, 734, 113 S. Ct. 1770, 123 L. Ed. 2d 508 (1993); see also [Bearchild v. Cobban](#), 947 F.3d 1130, 1139 (9th Cir. 2020) ("We will usually find sufficient prejudice to warrant reversal where 'it is impossible to determine from the jury's verdict and evidentiary record that the jury would have reached the same result had it been properly instructed.'") (quoting [Hoard](#), 904 F.3d at 791)

We recently found the district court's instructional error met this standard in *Hoard*, where the plaintiff brought a [§ 1983](#) claim against an officer who allegedly had violated his right to be free from excessive force. [904 F.3d at 785](#). In that case, the district court (with plaintiff's counsel's approval) provided an erroneous definition of the word "sadistically" to the jury. [Id. at 786](#). Because this definition "saddled [the plaintiff] with the unnecessary and exceedingly difficult burden of proving **[**91]** that the officer was not just cruel, **[*1088]** but sadistic as well," [id. at 782](#), and made it difficult for the plaintiff to prevail, we held that "th[e] error likely prejudiced the outcome of the case and—left uncorrected—would contribute to a miscarriage of justice." [Id. at 787](#). Therefore, we vacated the district court's judgment and remanded. *Id.*

Here, as in *Hoard*, all four prongs of the plain error test are met. For the reasons previously explained, the district court erred by failing to give the crucial selection and arrangement instruction requested by both parties. Moreover, this error was obvious or plain: Skidmore presented enough evidence at trial supporting the selection and arrangement theory which had been recognized by both parties as Skidmore's central theory at trial. Omitting the instruction in spite of the parties' consensus is an "error that is so clear-cut, so obvious, a competent district judge should be able to avoid it without benefit of objection." [United States v. Gonzalez-Aparicio](#), 663 F.3d 419, 428 (9th Cir. 2011) (quoting [United States v. Turman](#), 122 F.3d 1167, 1170 (9th Cir. 1997)); see also [Hoard](#), 904 F.3d at 790 (explaining that it must have been "sufficiently clear at the time of trial" that the instructions were erroneous for the error to be plain).

Moreover, the error was sufficiently prejudicial with respect to the outcome of the **[**92]** case, given that the omission of the instruction—which "saddled [Skidmore] with the unnecessary and exceedingly difficult burden of proving" that the four bars in *Stairway to Heaven* were substantially similar to *Taurus* without relying on the

unique way in which musical elements in *Taurus* were combined—necessarily precluded the jury from finding in Skidmore's favor. [Hoard](#), 904 F.3d at 782. Furthermore, by introducing testimony from two experts on the issue, Skidmore "introduced evidence from which a jury could have found" substantial similarity, [Bearchild](#), 947 F.3d at 1148 such that it is "impossible to determine whether the jury would have reached the same result had it been properly instructed," [id. at 1134](#). This is enough under our law to show that the error affected substantial rights.

Finally, as in *Hoard*, if "left uncorrected[, this error] would contribute to a miscarriage of justice." [904 F.3d at 787](#). It is clear that the district court's failure to give a correct instruction deprived Skidmore "of a meaningful and fair opportunity" to present his claim. See *id.*; [Bearchild](#), 947 F.3d at 1149 ("Because [plaintiff's] ability to pursue his claim was fundamentally diminished by the jury instructions in this case, the final prong of the plain error test is satisfied."). Skidmore had **[**93]** adduced sufficient evidence for a reasonable juror to find that *Taurus* was protectable under *copyright* law, and that there was a substantial similarity between *Stairway to Heaven* and the *Taurus* deposit copy, as the district court's prior rejection of Led Zeppelin's summary judgment motion confirmed. Therefore, the omission of the selection and arrangement instruction not only "placed a heavy thumb on the scale in favor of the [d]efendants," [Hoard](#), 904 F.3d at 792, but decided the case entirely. Accordingly, the district court's error was plain, and just as in *Hoard*, we must vacate the district court's plainly erroneous ruling.

The majority's rulings on forfeiture, plain error, and the merits are redundant and inconsistent. If there is no error at all, the majority had no need to reach forfeiture or plain error. Instead, the majority touches all three doctrines and makes each of them worse. Nevertheless, my key concern is the majority's erroneous legal ruling on whether the four-bar instrumental passage in *Taurus* was protectable and substantially similar to the "iconic" opening **[*1089]** bars of *Stairway to Heaven*. Unlike the rulings on forfeiture and plain error, this substantive ruling weakens *copyright* protection **[**94]** for musicians by robbing them of the ability to protect a unique way of combining musical elements. Therefore, I dissent from Parts IV(B) to (C) of the majority opinion.

17 USCS § 114

Current through Public Law 116-140, approved April 28, 2020.

United States Code Service > TITLE 17. COPYRIGHTS (§§ 101 — 1401) > CHAPTER 1. Subject Matter and Scope of Copyright (§§ 101 — 122)

§ 114. Scope of exclusive rights in sound recordings

(a) The exclusive rights of the owner of copyright in a sound recording are limited to the rights specified by clauses (1), (2), (3) and (6) of section 106 [[17 USCS § 106](#)], and do not include any right of performance under section 106(4) [[17 USCS § 106\(4\)](#)].

(b) The exclusive right of the owner of copyright in a sound recording under clause (1) of section 106 [[17 USCS § 106](#)] is limited to the right to duplicate the sound recording in the form of phonorecords or copies that directly or indirectly recapture the actual sounds fixed in the recording. The exclusive right of the owner of copyright in a sound recording under clause (2) of section 106 [[17 USCS § 106](#)] is limited to the right to prepare a derivative work in which the actual sounds fixed in the sound recording are rearranged, remixed, or otherwise altered in sequence or quality. The exclusive rights of the owner of copyright in a sound recording under clauses (1) and (2) of section 106 [[17 USCS § 106](#)] do not extend to the making or duplication of another sound recording that consists entirely of an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording. The exclusive rights of the owner of copyright in a sound recording under clauses (1), (2), and (3) of section 106 [[17 USCS § 106](#)] do not apply to sound recordings included in educational television and radio programs (as defined in section 397 of title 47 [[47 USCS § 397](#)]) distributed or transmitted by or through public broadcasting entities (as defined by section 118(f) [[17 USCS § 118\(f\)](#)]): *Provided*, That copies or phonorecords of said programs are not commercially distributed by or through public broadcasting entities to the general public.

(c) This section does not limit or impair the exclusive right to perform publicly, by means of a phonorecord, any of the works specified by section 106(4) [[17 USCS § 106\(4\)](#)].

(d) **Limitations on exclusive right.** Notwithstanding the provisions of section 106(6) [[17 USCS § 106\(6\)](#)]

(1) Exempt transmissions and retransmissions. The performance of a sound recording publicly by means of a digital audio transmission, other than as a part of an interactive service, is not an infringement of section 106(6) [[17 USCS § 106\(6\)](#)] if the performance is part of—

(A) a nonsubscription broadcast transmission;

(B) a retransmission of a nonsubscription broadcast transmission: *Provided*, That, in the case of a retransmission of a radio station's broadcast transmission—

(i) the radio station's broadcast transmission is not willfully or repeatedly retransmitted more than a radius of 150 miles from the site of the radio broadcast transmitter, however—

(I) the 150 mile limitation under this clause shall not apply when a nonsubscription broadcast transmission by a radio station licensed by the Federal Communications Commission is retransmitted on a nonsubscription basis by a terrestrial broadcast station, terrestrial translator, or terrestrial repeater licensed by the Federal Communications Commission; and

(II) in the case of a subscription retransmission of a nonsubscription broadcast retransmission covered by subclause (I), the 150 mile radius shall be measured from the transmitter site of such broadcast retransmitter;

(ii) the retransmission is of radio station broadcast transmissions that are—

(I) obtained by the retransmitter over the air;

(II) not electronically processed by the retransmitter to deliver separate and discrete signals; and

(III) retransmitted only within the local communities served by the retransmitter;

(iii) the radio station's broadcast transmission was being retransmitted to cable systems (as defined in section 111(f) [[17 USCS § 111\(f\)](#)]) by a satellite carrier on January 1, 1995, and that retransmission was being retransmitted by cable systems as a separate and discrete signal, and the satellite carrier obtains the radio station's broadcast transmission in an analog format: *Provided*, That the broadcast transmission being retransmitted may embody the programming of no more than one radio station; or

(iv) the radio station's broadcast transmission is made by a noncommercial educational broadcast station funded on or after January 1, 1995, under section 396(k) of the Communications Act of 1934 ([47 U.S.C. 396\(k\)](#)), consists solely of noncommercial educational and cultural radio programs, and the retransmission, whether or not simultaneous, is a nonsubscription terrestrial broadcast retransmission; or

(C) a transmission that comes within any of the following categories—

(i) a prior or simultaneous transmission incidental to an exempt transmission, such as a feed received by and then retransmitted by an exempt transmitter: *Provided*, That such incidental transmissions do not include any subscription transmission directly for reception by members of the public;

(ii) a transmission within a business establishment, confined to its premises or the immediately surrounding vicinity;

(iii) a retransmission by any retransmitter, including a multichannel video programming distributor as defined in section 602(12) of the Communications Act of 1934 ([47 U.S.C. 522\(12\)](#)), of a transmission by a transmitter licensed to publicly perform the sound recording as a part of that transmission, if the retransmission is simultaneous with the licensed transmission and authorized by the transmitter; or

(iv) a transmission to a business establishment for use in the ordinary course of its business: *Provided*, That the business recipient does not retransmit the transmission outside of its premises or the immediately surrounding vicinity, and that the transmission does not exceed the sound recording performance complement. Nothing in this clause shall limit the scope of the exemption in clause (ii).

(2) Statutory licensing of certain transmissions. The performance of a sound recording publicly by means of a subscription digital audio transmission not exempt under paragraph (1), an eligible nonsubscription transmission, or a transmission not exempt under paragraph (1) that is made by a preexisting satellite digital audio radio service shall be subject to statutory licensing, in accordance with subsection (f) if—

(A)

(i) the transmission is not part of an interactive service;

(ii) except in the case of a transmission to a business establishment, the transmitting entity does not automatically and intentionally cause any device receiving the transmission to switch from one program channel to another; and

(iii) except as provided in section 1002(e) [[17 USCS § 1002\(e\)](#)], the transmission of the sound recording is accompanied, if technically feasible, by the information encoded in that sound recording, if any, by or under the authority of the copyright owner of that sound recording, that identifies the title of the sound recording, the featured recording artist who performs on the

sound recording, and related information, including information concerning the underlying musical work and its writer;

(B) in the case of a subscription transmission not exempt under paragraph (1) that is made by a preexisting subscription service in the same transmission medium used by such service on July 31, 1998, or in the case of a transmission not exempt under paragraph (1) that is made by a preexisting satellite digital audio radio service—

(i) the transmission does not exceed the sound recording performance complement; and

(ii) the transmitting entity does not cause to be published by means of an advance program schedule or prior announcement the titles of the specific sound recordings or phonorecords embodying such sound recordings to be transmitted; and

(C) in the case of an eligible nonsubscription transmission or a subscription transmission not exempt under paragraph (1) that is made by a new subscription service or by a preexisting subscription service other than in the same transmission medium used by such service on July 31, 1998—

(i) the transmission does not exceed the sound recording performance complement, except that this requirement shall not apply in the case of a retransmission of a broadcast transmission if the retransmission is made by a transmitting entity that does not have the right or ability to control the programming of the broadcast station making the broadcast transmission, unless—

(I) the broadcast station makes broadcast transmissions—

(aa) in digital format that regularly exceed the sound recording performance complement; or

(bb) in analog format, a substantial portion of which, on a weekly basis, exceed the sound recording performance complement; and

(II) the sound recording copyright owner or its representative has notified the transmitting entity in writing that broadcast transmissions of the copyright owner's sound recordings exceed the sound recording performance complement as provided in this clause;

(ii) the transmitting entity does not cause to be published, or induce or facilitate the publication, by means of an advance program schedule or prior announcement, the titles of the specific sound recordings to be transmitted, the phonorecords embodying such sound recordings, or, other than for illustrative purposes, the names of the featured recording artists, except that this clause does not disqualify a transmitting entity that makes a prior announcement that a particular artist will be featured within an unspecified future time period, and in the case of a retransmission of a broadcast transmission by a transmitting entity that does not have the right or ability to control the programming of the broadcast transmission, the requirement of this clause shall not apply to a prior oral announcement by the broadcast station, or to an advance program schedule published, induced, or facilitated by the broadcast station, if the transmitting entity does not have actual knowledge and has not received written notice from the copyright owner or its representative that the broadcast station publishes or induces or facilitates the publication of such advance program schedule, or if such advance program schedule is a schedule of classical music programming published by the broadcast station in the same manner as published by that broadcast station on or before September 30, 1998;

(iii) the transmission—

(I) is not part of an archived program of less than 5 hours duration;

(II) is not part of an archived program of 5 hours or greater in duration that is made available for a period exceeding 2 weeks;

(III) is not part of a continuous program which is of less than 3 hours duration; or

(IV) is not part of an identifiable program in which performances of sound recordings are rendered in a predetermined order, other than an archived or continuous program, that is transmitted at—

(aa) more than 3 times in any 2-week period that have been publicly announced in advance, in the case of a program of less than 1 hour in duration, or

(bb) more than 4 times in any 2-week period that have been publicly announced in advance, in the case of a program of 1 hour or more in duration,

except that the requirement of this subclause shall not apply in the case of a retransmission of a broadcast transmission by a transmitting entity that does not have the right or ability to control the programming of the broadcast transmission, unless the transmitting entity is given notice in writing by the copyright owner of the sound recording that the broadcast station makes broadcast transmissions that regularly violate such requirement;

(iv) the transmitting entity does not knowingly perform the sound recording, as part of a service that offers transmissions of visual images contemporaneously with transmissions of sound recordings, in a manner that is likely to cause confusion, to cause mistake, or to deceive, as to the affiliation, connection, or association of the copyright owner or featured recording artist with the transmitting entity or a particular product or service advertised by the transmitting entity, or as to the origin, sponsorship, or approval by the copyright owner or featured recording artist of the activities of the transmitting entity other than the performance of the sound recording itself;

(v) the transmitting entity cooperates to prevent, to the extent feasible without imposing substantial costs or burdens, a transmission recipient or any other person or entity from automatically scanning the transmitting entity's transmissions alone or together with transmissions by other transmitting entities in order to select a particular sound recording to be transmitted to the transmission recipient, except that the requirement of this clause shall not apply to a satellite digital audio service that is in operation, or that is licensed by the Federal Communications Commission, on or before July 31, 1998;

(vi) the transmitting entity takes no affirmative steps to cause or induce the making of a phonorecord by the transmission recipient, and if the technology used by the transmitting entity enables the transmitting entity to limit the making by the transmission recipient of phonorecords of the transmission directly in a digital format, the transmitting entity sets such technology to limit such making of phonorecords to the extent permitted by such technology;

(vii) phonorecords of the sound recording have been distributed to the public under the authority of the copyright owner or the copyright owner authorizes the transmitting entity to transmit the sound recording, and the transmitting entity makes the transmission from a phonorecord lawfully made under the authority of the copyright owner, except that the requirement of this clause shall not apply to a retransmission of a broadcast transmission by a transmitting entity that does not have the right or ability to control the programming of the broadcast transmission, unless the transmitting entity is given notice in writing by the copyright owner of the sound recording that the broadcast station makes broadcast transmissions that regularly violate such requirement;

(viii) the transmitting entity accommodates and does not interfere with the transmission of technical measures that are widely used by sound recording copyright owners to identify or protect copyrighted works, and that are technically feasible of being transmitted by the transmitting entity without imposing substantial costs on the transmitting entity or resulting in perceptible aural or visual degradation of the digital signal, except that the requirement of this clause shall not apply to a satellite digital audio service that is in operation, or that is licensed under the authority of the Federal Communications Commission, on or before July 31, 1998, to the extent that such service has designed, developed, or made commitments to procure

equipment or technology that is not compatible with such technical measures before such technical measures are widely adopted by sound recording copyright owners; and

(ix) the transmitting entity identifies in textual data the sound recording during, but not before, the time it is performed, including the title of the sound recording, the title of the phonorecord embodying such sound recording, if any, and the featured recording artist, in a manner to permit it to be displayed to the transmission recipient by the device or technology intended for receiving the service provided by the transmitting entity, except that the obligation in this clause shall not take effect until 1 year after the date of the enactment of the Digital Millennium Copyright Act [enacted Oct. 28, 1998] and shall not apply in the case of a retransmission of a broadcast transmission by a transmitting entity that does not have the right or ability to control the programming of the broadcast transmission, or in the case in which devices or technology intended for receiving the service provided by the transmitting entity that have the capability to display such textual data are not common in the marketplace.

(3) Licenses for transmissions by interactive services.

(A) No interactive service shall be granted an exclusive license under section 106(6) for the performance of a sound recording publicly by means of digital audio transmission for a period in excess of 12 months, except that with respect to an exclusive license granted to an interactive service by a licensor that holds the copyright to 1,000 or fewer sound recordings, the period of such license shall not exceed 24 months: *Provided, however,* That the grantee of such exclusive license shall be ineligible to receive another exclusive license for the performance of that sound recording for a period of 13 months from the expiration of the prior exclusive license.

(B) The limitation set forth in subparagraph (A) of this paragraph shall not apply if—

(i) the licensor has granted and there remain in effect licenses under section 106(6) [[17 USCS § 106\(6\)](#)] for the public performance of sound recordings by means of digital audio transmission by at least 5 different interactive services: *Provided, however,* That each such license must be for a minimum of 10 percent of the copyrighted sound recordings owned by the licensor that have been licensed to interactive services, but in no event less than 50 sound recordings; or

(ii) the exclusive license is granted to perform publicly up to 45 seconds of a sound recording and the sole purpose of the performance is to promote the distribution or performance of that sound recording.

(C) Notwithstanding the grant of an exclusive or nonexclusive license of the right of public performance under section 106(6) [[17 USCS § 106\(6\)](#)], an interactive service may not publicly perform a sound recording unless a license has been granted for the public performance of any copyrighted musical work contained in the sound recording: *Provided,* That such license to publicly perform the copyrighted musical work may be granted either by a performing rights society representing the copyright owner or by the copyright owner.

(D) The performance of a sound recording by means of a retransmission of a digital audio transmission is not an infringement of section 106(6) [[17 USCS § 106\(6\)](#)] if—

(i) the retransmission is of a transmission by an interactive service licensed to publicly perform the sound recording to a particular member of the public as part of that transmission; and

(ii) the retransmission is simultaneous with the licensed transmission, authorized by the transmitter, and limited to that particular member of the public intended by the interactive service to be the recipient of the transmission.

(E) For the purposes of this paragraph—

(i) a “licensor” shall include the licensing entity and any other entity under any material degree of common ownership, management, or control that owns copyrights in sound recordings; and

(ii) a “performing rights society” is an association or corporation that licenses the public performance of nondramatic musical works on behalf of the copyright owner, such as the

American Society of Composers, Authors and Publishers, Broadcast Music, Inc., and SESAC, Inc.

(4) Rights not otherwise limited.

(A) Except as expressly provided in this section, this section does not limit or impair the exclusive right to perform a sound recording publicly by means of a digital audio transmission under section 106(6) [[17 USCS § 106\(6\)](#)].

(B) Nothing in this section annuls or limits in any way—

(i) the exclusive right to publicly perform a musical work, including by means of a digital audio transmission, under section 106(4) [[17 USCS § 106\(4\)](#)];

(ii) the exclusive rights in a sound recording or the musical work embodied therein under sections 106(1), 106(2) and 106(3) [[17 USCS §§ 106\(1\)](#), [106\(2\)](#), and [106\(3\)](#)]; or

(iii) any other rights under any other clause of section 106 [[17 USCS § 106](#)], or remedies available under this title, as such rights or remedies exist either before or after the date of enactment of the Digital Performance Right in Sound Recordings Act of 1995 [enacted Nov. 1, 1995].

(C) Any limitations in this section on the exclusive right under section 106(6) [[17 USCS § 106\(6\)](#)] apply only to the exclusive right under section 106(6) and not to any other exclusive rights under section 106. Nothing in this section shall be construed to annul, limit, impair or otherwise affect in any way the ability of the owner of a copyright in a sound recording to exercise the rights under sections 106(1), 106(2) and 106(3) [[17 USCS §§ 106\(1\)](#), [106\(2\)](#), and [106\(3\)](#)], or to obtain the remedies available under this title pursuant to such rights, as such rights and remedies exist either before or after the date of enactment of the Digital Performance Right in Sound Recordings Act of 1995 [enacted Nov. 1, 1995].

(e) Authority for negotiations.

(1) Notwithstanding any provision of the antitrust laws, in negotiating statutory licenses in accordance with subsection (f), any copyright owners of sound recordings and any entities performing sound recordings affected by this section may negotiate and agree upon the royalty rates and license terms and conditions for the performance of such sound recordings and the proportionate division of fees paid among copyright owners, and may designate common agents on a nonexclusive basis to negotiate, agree to, pay, or receive payments.

(2) For licenses granted under section 106(6) [[17 USCS § 106](#)], other than statutory licenses, such as for performances by interactive services or performances that exceed the sound recording performance complement—

(A) copyright owners of sound recordings affected by this section may designate common agents to act on their behalf to grant licenses and receive and remit royalty payments: *Provided*, That each copyright owner shall establish the royalty rates and material license terms and conditions unilaterally, that is, not in agreement, combination, or concert with other copyright owners of sound recordings; and

(B) entities performing sound recordings affected by this section may designate common agents to act on their behalf to obtain licenses and collect and pay royalty fees: *Provided*, That each entity performing sound recordings shall determine the royalty rates and material license terms and conditions unilaterally, that is, not in agreement, combination, or concert with other entities performing sound recordings.

(f) Licenses for certain nonexempt transmissions.

(1)

(A) Proceedings under chapter 8 [[17 USCS §§ 801](#) et seq.] shall determine reasonable rates and terms of royalty payments for transmissions subject to statutory licensing under subsection (d)(2)

during the 5-year period beginning on January 1 of the second year following the year in which the proceedings are to be commenced pursuant to subparagraph (A) or (B) of section 804(b)(3) [[17 USCS § 804\(b\)\(3\)](#)], as the case may be, or such other period as the parties may agree. The parties to each proceeding shall bear their own costs.

(B) The schedule of reasonable rates and terms determined by the Copyright Royalty Judges shall, subject to paragraph (2), be binding on all copyright owners of sound recordings and entities performing sound recordings affected by this paragraph during the 5-year period specified in subparagraph (A), or such other period as the parties may agree. Such rates and terms shall distinguish among the different types of services then in operation and shall include a minimum fee for each such type of service, such differences to be based on criteria including the quantity and nature of the use of sound recordings and the degree to which use of the service may substitute for or may promote the purchase of phonorecords by consumers. The Copyright Royalty Judges shall establish rates and terms that most clearly represent the rates and terms that would have been negotiated in the marketplace between a willing buyer and a willing seller. In determining such rates and terms, the Copyright Royalty Judges—

(i) shall base their decision on economic, competitive, and programming information presented by the parties, including—

(I) whether use of the service may substitute for or may promote the sales of phonorecords or otherwise may interfere with or may enhance the sound recording copyright owner's other streams of revenue from the copyright owner's sound recordings; and

(II) the relative roles of the copyright owner and the transmitting entity in the copyrighted work and the service made available to the public with respect to relative creative contribution, technological contribution, capital investment, cost, and risk; and

(ii) may consider the rates and terms for comparable types of audio transmission services and comparable circumstances under voluntary license agreements.

(C) The procedures under subparagraphs (A) and (B) shall also be initiated pursuant to a petition filed by any sound recording copyright owner or any transmitting entity indicating that a new type of service on which sound recordings are performed is or is about to become operational, for the purpose of determining reasonable terms and rates of royalty payments with respect to such new type of service for the period beginning with the inception of such new type of service and ending on the date on which the royalty rates and terms for eligible nonsubscription services and new subscription services, or preexisting subscription services and preexisting satellite digital audio radio services, as the case may be, most recently determined under subparagraph (A) or (B) and chapter 8 expire, or such other period as the parties may agree.

(2) License agreements voluntarily negotiated at any time between 1 or more copyright owners of sound recordings and 1 or more entities performing sound recordings shall be given effect in lieu of any decision by the Librarian of Congress or determination by the Copyright Royalty Judges.

(3)

(A) The Copyright Royalty Judges shall also establish requirements by which copyright owners may receive reasonable notice of the use of their sound recordings under this section, and under which records of such use shall be kept and made available by entities performing sound recordings. The notice and recordkeeping rules in effect on the day before the effective date of the Copyright Royalty and Distribution Reform Act of 2004 [effective May 30, 2005] shall remain in effect unless and until new regulations are promulgated by the Copyright Royalty Judges. If new regulations are promulgated under this subparagraph, the Copyright Royalty Judges shall take into account the substance and effect of the rules in effect on the day before the effective date of the Copyright Royalty and Distribution Reform Act of 2004 [effective May 30, 2005] and shall, to the extent practicable, avoid significant disruption of the functions of any designated agent authorized to collect and distribute royalty fees.

(B) Any person who wishes to perform a sound recording publicly by means of a transmission eligible for statutory licensing under this subsection may do so without infringing the exclusive right of the copyright owner of the sound recording—

(i) by complying with such notice requirements as the Copyright Royalty Judges shall prescribe by regulation and by paying royalty fees in accordance with this subsection; or

(ii) if such royalty fees have not been set, by agreeing to pay such royalty fees as shall be determined in accordance with this subsection.

(C) Any royalty payments in arrears shall be made on or before the twentieth day of the month next succeeding the month in which the royalty fees are set.

(4)

(A) Notwithstanding section 112(e) [[17 USCS § 112\(e\)](#)] and the other provisions of this subsection, the receiving agent may enter into agreements for the reproduction and performance of sound recordings under section 112(e) [[17 USCS § 112\(e\)](#)] and this section by any 1 or more commercial webcasters or noncommercial webcasters for a period of not more than 11 years beginning on January 1, 2005, that, once published in the Federal Register pursuant to subparagraph (B), shall be binding on all copyright owners of sound recordings and other persons entitled to payment under this section, in lieu of any determination by the Copyright Royalty Judges. Any such agreement for commercial webcasters may include provisions for payment of royalties on the basis of a percentage of revenue or expenses, or both, and include a minimum fee. Any such agreement may include other terms and conditions, including requirements by which copyright owners may receive notice of the use of their sound recordings and under which records of such use shall be kept and made available by commercial webcasters or noncommercial webcasters. The receiving agent shall be under no obligation to negotiate any such agreement. The receiving agent shall have no obligation to any copyright owner of sound recordings or any other person entitled to payment under this section in negotiating any such agreement, and no liability to any copyright owner of sound recordings or any other person entitled to payment under this section for having entered into such agreement.

(B) The Copyright Office shall cause to be published in the Federal Register any agreement entered into pursuant to subparagraph (A). Such publication shall include a statement containing the substance of subparagraph (C). Such agreements shall not be included in the Code of Federal Regulations. Thereafter, the terms of such agreement shall be available, as an option, to any commercial webcaster or noncommercial webcaster meeting the eligibility conditions of such agreement.

(C) Neither subparagraph (A) nor any provisions of any agreement entered into pursuant to subparagraph (A), including any rate structure, fees, terms, conditions, or notice and recordkeeping requirements set forth therein, shall be admissible as evidence or otherwise taken into account in any administrative, judicial, or other government proceeding involving the setting or adjustment of the royalties payable for the public performance or reproduction in ephemeral phonorecords or copies of sound recordings, the determination of terms or conditions related thereto, or the establishment of notice or recordkeeping requirements by the Copyright Royalty Judges under paragraph (3) or section 112(e)(4) [[17 USCS § 112\(e\)\(4\)](#)]. It is the intent of Congress that any royalty rates, rate structure, definitions, terms, conditions, or notice and recordkeeping requirements, included in such agreements shall be considered as a compromise motivated by the unique business, economic and political circumstances of webcasters, copyright owners, and performers rather than as matters that would have been negotiated in the marketplace between a willing buyer and a willing seller, or otherwise meet the objectives set forth in section 801(b) [[17 USCS § 801\(b\)](#)]. This subparagraph shall not apply to the extent that the receiving agent and a webcaster that is party to an agreement entered into pursuant to subparagraph (A) expressly authorize the submission of the agreement in a proceeding under this subsection.

(D) Nothing in the the Webcaster Settlement Act of 2008, the Webcaster Settlement Act of 2009, or any agreement entered into pursuant to subparagraph (A) shall be taken into account by the United States Court of Appeals for the District of Columbia Circuit in its review of the determination by the Copyright Royalty Judges of May 1, 2007, of rates and terms for the digital performance of sound recordings and ephemeral recordings, pursuant to sections 112 and 114 [[17 USCS §§ 112 and 114](#)].

(E) As used in this paragraph—

(i) the term “noncommercial webcaster” means a webcaster that—

(I) is exempt from taxation under [section 501 of the Internal Revenue Code of 1986](#) ([26 U.S.C. 501](#));

(II) has applied in good faith to the Internal Revenue Service for exemption from taxation under [section 501 of the Internal Revenue Code](#) [[26 USCS § 501](#)] and has a commercially reasonable expectation that such exemption shall be granted; or

(III) is operated by a State or possession or any governmental entity or subordinate thereof, or by the United States or District of Columbia, for exclusively public purposes;

(ii) the term “receiving agent” shall have the meaning given that term in [section 261.2 of title 37, Code of Federal Regulations](#), as published in the Federal Register on July 8, 2002; and

(iii) the term “webcaster” means a person or entity that has obtained a compulsory license under section 112 or 114 [[17 USCS § 112](#) or [114](#)] and the implementing regulations therefor.

(F) The authority to make settlements pursuant to subparagraph (A) shall expire at 11:59 p.m. Eastern time on the 30th day after the date of the enactment of the Webcaster Settlement Act of 2009 [enacted June 30, 2009].

(5) [Redesignated]

(g) Proceeds from licensing of transmissions.

(1) Except in the case of a transmission licensed under a statutory license in accordance with subsection (f) of this section—

(A) a featured recording artist who performs on a sound recording that has been licensed for a transmission shall be entitled to receive payments from the copyright owner of the sound recording in accordance with the terms of the artist’s contract; and

(B) a nonfeatured recording artist who performs on a sound recording that has been licensed for a transmission shall be entitled to receive payments from the copyright owner of the sound recording in accordance with the terms of the nonfeatured recording artist’s applicable contract or other applicable agreement.

(2) Except as provided for in paragraph (6), a nonprofit collective designated by the Copyright Royalty Judges to distribute receipts from the licensing of transmissions in accordance with subsection (f) shall distribute such receipts as follows:

(A) 50 percent of the receipts shall be paid to the copyright owner of the exclusive right under section 106(6) of this title [[17 USCS § 106\(6\)](#)] to publicly perform a sound recording by means of a digital audio transmission.

(B) 2 ½ percent of the receipts shall be deposited in an escrow account managed by an independent administrator jointly appointed by copyright owners of sound recordings and the American Federation of Musicians (or any successor entity) to be distributed to nonfeatured musicians (whether or not members of the American Federation of Musicians) who have performed on sound recordings.

(C) 2 ½ percent of the receipts shall be deposited in an escrow account managed by an independent administrator jointly appointed by copyright owners of sound recordings and the

American Federation of Television and Radio Artists (or any successor entity) to be distributed to nonfeatured vocalists (whether or not members of the American Federation of Television and Radio Artists) who have performed on sound recordings.

(D) 45 percent of the receipts shall be paid, on a per sound recording basis, to the recording artist or artists featured on such sound recording (or the persons conveying rights in the artists' performance in the sound recordings).

(3) A nonprofit collective designated by the Copyright Royalty Judges to distribute receipts from the licensing of transmissions in accordance with subsection (f) may deduct from any of its receipts, prior to the distribution of such receipts to any person or entity entitled thereto other than copyright owners and performers who have elected to receive royalties from another designated nonprofit collective and have notified such nonprofit collective in writing of such election, the reasonable costs of such collective incurred after November 1, 1995, in—

(A) the administration of the collection, distribution, and calculation of the royalties;

(B) the settlement of disputes relating to the collection and calculation of the royalties; and

(C) the licensing and enforcement of rights with respect to the making of ephemeral recordings and performances subject to licensing under section 112 [[17 USCS § 112](#)] and this section, including those incurred in participating in negotiations or arbitration proceedings under section 112 [[17 USCS § 112](#)] and this section, except that all costs incurred relating to the section 112 [[17 USCS § 112](#)] ephemeral recordings right may only be deducted from the royalties received pursuant to section 112 [[17 USCS § 112](#)].

(4) Notwithstanding paragraph (3), any nonprofit collective designated to distribute receipts from the licensing of transmissions in accordance with subsection (f) may deduct from any of its receipts, prior to the distribution of such receipts, the reasonable costs identified in paragraph (3) of such collective incurred after November 1, 1995, with respect to such copyright owners and performers who have entered with such collective a contractual relationship that specifies that such costs may be deducted from such royalty receipts.

(5) Letter of direction.

(A) In general. A nonprofit collective designated by the Copyright Royalty Judges to distribute receipts from the licensing of transmissions in accordance with subsection (f) shall adopt and reasonably implement a policy that provides, in circumstances determined by the collective to be appropriate, for acceptance of instructions from a payee identified under subparagraph (A) or (D) of paragraph (2) to distribute, to a producer, mixer, or sound engineer who was part of the creative process that created a sound recording, a portion of the payments to which the payee would otherwise be entitled from the licensing of transmissions of the sound recording. In this section, such instructions shall be referred to as a “letter of direction”.

(B) Acceptance of letter. To the extent that a collective described in subparagraph (A) accepts a letter of direction under that subparagraph, the person entitled to payment pursuant to the letter of direction shall, during the period in which the letter of direction is in effect and carried out by the collective, be treated for all purposes as the owner of the right to receive such payment, and the payee providing the letter of direction to the collective shall be treated as having no interest in such payment.

(C) Authority of collective. This paragraph shall not be construed in such a manner so that the collective is not authorized to accept or act upon payment instructions in circumstances other than those to which this paragraph applies.”.

(6) Sound recordings fixed before November 1, 1995.

(A) Payment absent letter of direction. A nonprofit collective designated by the Copyright Royalty Judges to distribute receipts from the licensing of transmissions in accordance with subsection (f) (in this paragraph referred to as the “collective”) shall adopt and reasonably implement a policy that provides, in circumstances determined by the collective to be appropriate,

for the deduction of 2 percent of all the receipts that are collected from the licensing of transmissions of a sound recording fixed before November 1, 1995, but which is withdrawn from the amount otherwise payable under paragraph (2)(D) to the recording artist or artists featured on the sound recording (or the persons conveying rights in the artists' performance in the sound recording), and the distribution of such amount to 1 or more persons described in subparagraph (B) of this paragraph, after deduction of costs described in paragraph (3) or (4), as applicable, if each of the following requirements is met:

(i) Certification of attempt to obtain a letter of direction. The person described in subparagraph (B) who is to receive the distribution has certified to the collective, under penalty of perjury, that—

(I) for a period of not less than 120 days, that person made reasonable efforts to contact the artist payee for such sound recording to request and obtain a letter of direction instructing the collective to pay to that person a portion of the royalties payable to the featured recording artist or artists; and

(II) during the period beginning on the date on which that person began the reasonable efforts described in subclause (I) and ending on the date of that person's certification to the collective, the artist payee did not affirm or deny in writing the request for a letter of direction.

(ii) Collective attempt to contact artist. After receipt of the certification described in clause (i) and for a period of not less than 120 days before the first distribution by the collective to the person described in subparagraph (B), the collective attempts, in a reasonable manner as determined by the collective, to notify the artist payee of the certification made by the person described in subparagraph (B).

(iii) No objection received. The artist payee does not, as of the date that was 10 business days before the date on which the first distribution is made, submit to the collective in writing an objection to the distribution.

(B) Eligibility for payment. A person shall be eligible for payment under subparagraph (A) if the person—

(i) is a producer, mixer, or sound engineer of the sound recording;

(ii) has entered into a written contract with a record company involved in the creation or lawful exploitation of the sound recording, or with the recording artist or artists featured on the sound recording (or the persons conveying rights in the artists' performance in the sound recording), under which the person seeking payment is entitled to participate in royalty payments that are based on the exploitation of the sound recording and are payable from royalties otherwise payable to the recording artist or artists featured on the sound recording (or the persons conveying rights in the artists' performance in the sound recording);

(iii) made a creative contribution to the creation of the sound recording; and

(iv) submits to the collective—

(I) a written certification stating, under penalty of perjury, that the person meets the requirements in clauses (i) through (iii); and

(II) a true copy of the contract described in clause (ii).

(C) Multiple certifications. Subject to subparagraph (D), in a case in which more than 1 person described in subparagraph (B) has met the requirements for a distribution under subparagraph (A) with respect to a sound recording as of the date that is 10 business days before the date on which the distribution is made, the collective shall divide the 2 percent distribution equally among all such persons.

(D) Objection to payment. Not later than 10 business days after the date on which the collective receives from the artist payee a written objection to a distribution made pursuant to subparagraph

(A), the collective shall cease making any further payment relating to such distribution. In any case in which the collective has made 1 or more distributions pursuant to subparagraph (A) to a person described in subparagraph (B) before the date that is 10 business days after the date on which the collective receives from the artist payee an objection to such distribution, the objection shall not affect that person's entitlement to any distribution made before the collective ceases such distribution under this subparagraph.

(E) Ownership of the right to receive payments. To the extent that the collective determines that a distribution will be made under subparagraph (A) to a person described in subparagraph (B), such person shall, during the period covered by such distribution, be treated for all purposes as the owner of the right to receive such payments, and the artist payee to whom such payments would otherwise be payable shall be treated as having no interest in such payments.

(F) Artist payee defined. In this paragraph, the term "artist payee" means a person, other than a person described in subparagraph (B), who owns the right to receive all or part of the receipts payable under paragraph (2)(D) with respect to a sound recording. In a case in which there are multiple artist payees with respect to a sound recording, an objection by 1 such payee shall apply only to that payee's share of the receipts payable under paragraph (2)(D), and shall not preclude payment under subparagraph (A) from the share of an artist payee that does not so object.

(7) Preemption of state property laws. The holding and distribution of receipts under section 112 [[17 USCS § 112](#)] and this section by a nonprofit collective designated by the Copyright Royalty Judges in accordance with this subsection and regulations adopted by the Copyright Royalty Judges, or by an independent administrator pursuant to subparagraphs (B) and (C) of section 114(g)(2) [[17 USCS § 114\(g\)\(2\)](#)], shall supersede and preempt any State law (including common law) concerning escheatment or abandoned property, or any analogous provision, that might otherwise apply.

(h) Licensing to affiliates.

(1) If the copyright owner of a sound recording licenses an affiliated entity the right to publicly perform a sound recording by means of a digital audio transmission under section 106(6) [[17 USCS § 106\(6\)](#)], the copyright owner shall make the licensed sound recording available under section 106(6) [[17 USCS § 106\(6\)](#)] on no less favorable terms and conditions to all bona fide entities that offer similar services, except that, if there are material differences in the scope of the requested license with respect to the type of service, the particular sound recordings licensed, the frequency of use, the number of subscribers served, or the duration, then the copyright owner may establish different terms and conditions for such other services.

(2) The limitation set forth in paragraph (1) of this subsection shall not apply in the case where the copyright owner of a sound recording licenses—

(A) an interactive service; or

(B) an entity to perform publicly up to 45 seconds of the sound recording and the sole purpose of the performance is to promote the distribution or performance of that sound recording.

(i) [Deleted]

(j) Definitions. As used in this section, the following terms have the following meanings:

(1) An "affiliated entity" is an entity engaging in digital audio transmissions covered by section 106(6) [[17 USCS § 106\(6\)](#)], other than an interactive service, in which the licensor has any direct or indirect partnership or any ownership interest amounting to 5 percent or more of the outstanding voting or non-voting stock.

(2) An "archived program" is a predetermined program that is available repeatedly on the demand of the transmission recipient and that is performed in the same order from the beginning, except that an archived program shall not include a recorded event or broadcast transmission that makes no more than an incidental use of sound recordings, as long as such recorded event or broadcast transmission does not contain an entire sound recording or feature a particular sound recording.

- (3) A “broadcast” transmission is a transmission made by a terrestrial broadcast station licensed as such by the Federal Communications Commission.
- (4) A “continuous program” is a predetermined program that is continuously performed in the same order and that is accessed at a point in the program that is beyond the control of the transmission recipient.
- (5) A “digital audio transmission” is a digital transmission as defined in section 101 [[17 USCS § 101](#)], that embodies the transmission of a sound recording. This term does not include the transmission of any audiovisual work.
- (6) An “eligible nonsubscription transmission” is a noninteractive nonsubscription digital audio transmission not exempt under subsection (d)(1) that is made as part of a service that provides audio programming consisting, in whole or in part, of performances of sound recordings, including retransmissions of broadcast transmissions, if the primary purpose of the service is to provide to the public such audio or other entertainment programming, and the primary purpose of the service is not to sell, advertise, or promote particular products or services other than sound recordings, live concerts, or other music-related events.
- (7) An “interactive service” is one that enables a member of the public to receive a transmission of a program specially created for the recipient, or on request, a transmission of a particular sound recording, whether or not as part of a program, which is selected by or on behalf of the recipient. The ability of individuals to request that particular sound recordings be performed for reception by the public at large, or in the case of a subscription service, by all subscribers of the service, does not make a service interactive, if the programming on each channel of the service does not substantially consist of sound recordings that are performed within 1 hour of the request or at a time designated by either the transmitting entity or the individual making such request. If an entity offers both interactive and noninteractive services (either concurrently or at different times), the noninteractive component shall not be treated as part of an interactive service.
- (8) A “new subscription service” is a service that performs sound recordings by means of noninteractive subscription digital audio transmissions and that is not a preexisting subscription service or a preexisting satellite digital audio radio service.
- (9) A “nonsubscription” transmission is any transmission that is not a subscription transmission.
- (10) A “preexisting satellite digital audio radio service” is a subscription satellite digital audio radio service provided pursuant to a satellite digital audio radio service license issued by the Federal Communications Commission on or before July 31, 1998, and any renewal of such license to the extent of the scope of the original license, and may include a limited number of sample channels representative of the subscription service that are made available on a nonsubscription basis in order to promote the subscription service.
- (11) A “preexisting subscription service” is a service that performs sound recordings by means of noninteractive audio-only subscription digital audio transmissions, which was in existence and was making such transmissions to the public for a fee on or before July 31, 1998, and may include a limited number of sample channels representative of the subscription service that are made available on a nonsubscription basis in order to promote the subscription service.
- (12) A “retransmission” is a further transmission of an initial transmission, and includes any further retransmission of the same transmission. Except as provided in this section, a transmission qualifies as a “retransmission” only if it is simultaneous with the initial transmission. Nothing in this definition shall be construed to exempt a transmission that fails to satisfy a separate element required to qualify for an exemption under section 114(d)(1) [[17 USCS § 114\(d\)\(1\)](#)].
- (13) The “sound recording performance complement” is the transmission during any 3-hour period, on a particular channel used by a transmitting entity, of no more than—

(A) 3 different selections of sound recordings from any one phonorecord lawfully distributed for public performance or sale in the United States, if no more than 2 such selections are transmitted consecutively; or

(B) 4 different selections of sound recordings—

(i) by the same featured recording artist; or

(ii) from any set or compilation of phonorecords lawfully distributed together as a unit for public performance or sale in the United States,

if no more than three such selections are transmitted consecutively:

Provided, That the transmission of selections in excess of the numerical limits provided for in clauses (A) and (B) from multiple phonorecords shall nonetheless qualify as a sound recording performance complement if the programming of the multiple phonorecords was not willfully intended to avoid the numerical limitations prescribed in such clauses.

(14) A “subscription” transmission is a transmission that is controlled and limited to particular recipients, and for which consideration is required to be paid or otherwise given by or on behalf of the recipient to receive the transmission or a package of transmissions including the transmission.

(15) A “transmission” is either an initial transmission or a retransmission.

History

HISTORY:

Act Oct. 19, 1976, P. L. 94-553, Title I, § 101, 90 Stat. 2560; Nov. 1, 1995, P. L. 104-39, § 3, 109 Stat. 336; Nov. 13, 1997, P. L. 105-80, § 3, 111 Stat. 1531; Oct. 28, 1998, P. L. 105-304, Title IV, § 405(a)(1)–(4), 112 Stat. 2890; Dec. 4, 2002, P. L. 107-321, §§ 4, 5(b), (c), 116 Stat. 2781, 2784; Nov. 30, 2004, P. L. 108-419, § 5(c), 118 Stat. 2362; Oct. 6, 2006, P. L. 109-303, § 4(b), 120 Stat. 1481; Oct. 16, 2008, P. L. 110-435, § 2, 122 Stat. 4974; June 30, 2009, P. L. 111-36, § 2, 123 Stat. 1926; Dec. 9, 2010, P. L. 111-295, §§ 5(c), 6(b), (f)(1), 124 Stat. 3181; Oct. 11, 2018, P.L. 115-264, Title I, § 103(a), (b), (g)(1), Title III, § 302, 132 Stat. 3723, 3725, 3737.

United States Code Service > TITLE 17. COPYRIGHTS (§§ 101 — 1401) > CHAPTER 5. Copyright Infringement and Remedies (§§ 501 — 513)

§ 512. Limitations on liability relating to material online

(a) Transitory digital network communications. A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the provider's transmitting, routing, or providing connections for, material through a system or network controlled or operated by or for the service provider, or by reason of the intermediate and transient storage of that material in the course of such transmitting, routing, or providing connections, if—

- (1)** the transmission of the material was initiated by or at the direction of a person other than the service provider;
- (2)** the transmission, routing, provision of connections, or storage is carried out through an automatic technical process without selection of the material by the service provider;
- (3)** the service provider does not select the recipients of the material except as an automatic response to the request of another person;
- (4)** no copy of the material made by the service provider in the course of such intermediate or transient storage is maintained on the system or network in a manner ordinarily accessible to anyone other than anticipated recipients, and no such copy is maintained on the system or network in a manner ordinarily accessible to such anticipated recipients for a longer period than is reasonably necessary for the transmission, routing, or provision of connections; and
- (5)** the material is transmitted through the system or network without modification of its content.

(b) System caching.

(1) Limitation on liability. A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the intermediate and temporary storage of material on a system or network controlled or operated by or for the service provider in a case in which—

- (A)** the material is made available online by a person other than the service provider;
- (B)** the material is transmitted from the person described in subparagraph (A) through the system or network to a person other than the person described in subparagraph (A) at the direction of that other person; and
- (C)** the storage is carried out through an automatic technical process for the purpose of making the material available to users of the system or network who, after the material is transmitted as described in subparagraph (B), request access to the material from the person described in subparagraph (A),

if the conditions set forth in paragraph (2) are met.

(2) Conditions. The conditions referred to in paragraph (1) are that—

- (A)** the material described in paragraph (1) is transmitted to the subsequent users described in paragraph (1)(C) without modification to its content from the manner in which the material was transmitted from the person described in paragraph (1)(A);

(B) the service provider described in paragraph (1) complies with rules concerning the refreshing, reloading, or other updating of the material when specified by the person making the material available online in accordance with a generally accepted industry standard data communications protocol for the system or network through which that person makes the material available, except that this subparagraph applies only if those rules are not used by the person described in paragraph (1)(A) to prevent or unreasonably impair the intermediate storage to which this subsection applies;

(C) the service provider does not interfere with the ability of technology associated with the material to return to the person described in paragraph (1)(A) the information that would have been available to that person if the material had been obtained by the subsequent users described in paragraph (1)(C) directly from that person, except that this subparagraph applies only if that technology—

(i) does not significantly interfere with the performance of the provider's system or network or with the intermediate storage of the material;

(ii) is consistent with generally accepted industry standard communications protocols; and

(iii) does not extract information from the provider's system or network other than the information that would have been available to the person described in paragraph (1)(A) if the subsequent users had gained access to the material directly from that person;

(D) if the person described in paragraph (1)(A) has in effect a condition that a person must meet prior to having access to the material, such as a condition based on payment of a fee or provision of a password or other information, the service provider permits access to the stored material in significant part only to users of its system or network that have met those conditions and only in accordance with those conditions; and

(E) if the person described in paragraph (1)(A) makes that material available online without the authorization of the copyright owner of the material, the service provider responds expeditiously to remove, or disable access to, the material that is claimed to be infringing upon notification of claimed infringement as described in subsection (c)(3), except that this subparagraph applies only if—

(i) the material has previously been removed from the originating site or access to it has been disabled, or a court has ordered that the material be removed from the originating site or that access to the material on the originating site be disabled; and

(ii) the party giving the notification includes in the notification a statement confirming that the material has been removed from the originating site or access to it has been disabled or that a court has ordered that the material be removed from the originating site or that access to the material on the originating site be disabled.

(c) Information residing on systems or networks at direction of users.

(1) In general. A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the storage at the direction of a user of material that resides on a system or network controlled or operated by or for the service provider, if the service provider—

(A)

(i) does not have actual knowledge that the material or an activity using the material on the system or network is infringing;

(ii) in the absence of such actual knowledge, is not aware of facts or circumstances from which infringing activity is apparent; or

(iii) upon obtaining such knowledge or awareness, acts expeditiously to remove, or disable access to, the material;

(B) does not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity; and

(C) upon notification of claimed infringement as described in paragraph (3), responds expeditiously to remove, or disable access to, the material that is claimed to be infringing or to be the subject of infringing activity.

(2) Designated agent. The limitations on liability established in this subsection apply to a service provider only if the service provider has designated an agent to receive notifications of claimed infringement described in paragraph (3), by making available through its service, including on its website in a location accessible to the public, and by providing to the Copyright Office, substantially the following information:

(A) the name, address, phone number, and electronic mail address of the agent.

(B) other contact information which the Register of Copyrights may deem appropriate.

The Register of Copyrights shall maintain a current directory of agents available to the public for inspection, including through the Internet, and may require payment of a fee by service providers to cover the costs of maintaining the directory.

(3) Elements of notification.

(A) To be effective under this subsection, a notification of claimed infringement must be a written communication provided to the designated agent of a service provider that includes substantially the following:

(i) A physical or electronic signature of a person authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.

(ii) Identification of the copyrighted work claimed to have been infringed, or, if multiple copyrighted works at a single online site are covered by a single notification, a representative list of such works at that site.

(iii) Identification of the material that is claimed to be infringing or to be the subject of infringing activity and that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate the material.

(iv) Information reasonably sufficient to permit the service provider to contact the complaining party, such as an address, telephone number, and, if available, an electronic mail address at which the complaining party may be contacted.

(v) A statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law.

(vi) A statement that the information in the notification is accurate, and under penalty of perjury, that the complaining party is authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.

(B)

(i) Subject to clause (ii), a notification from a copyright owner or from a person authorized to act on behalf of the copyright owner that fails to comply substantially with the provisions of subparagraph (A) shall not be considered under paragraph (1)(A) in determining whether a service provider has actual knowledge or is aware of facts or circumstances from which infringing activity is apparent.

(ii) In a case in which the notification that is provided to the service provider's designated agent fails to comply substantially with all the provisions of subparagraph (A) but substantially complies with clauses (ii), (iii), and (iv) of subparagraph (A), clause (i) of this subparagraph applies only if the service provider promptly attempts to contact the person making the notification or takes other reasonable steps to assist in the receipt of notification that substantially complies with all the provisions of subparagraph (A).

(d) Information location tools. A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the provider referring or linking users to an online location containing infringing material or infringing activity, by using information location tools, including a directory, index, reference, pointer, or hypertext link, if the service provider—

(1)

(A) does not have actual knowledge that the material or activity is infringing;

(B) in the absence of such actual knowledge, is not aware of facts or circumstances from which infringing activity is apparent; or

(C) upon obtaining such knowledge or awareness, acts expeditiously to remove, or disable access to, the material;

(2) does not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity; and

(3) upon notification of claimed infringement as described in subsection (c)(3), responds expeditiously to remove, or disable access to, the material that is claimed to be infringing or to be the subject of infringing activity, except that, for purposes of this paragraph, the information described in subsection (c)(3)(A)(iii) shall be identification of the reference or link, to material or activity claimed to be infringing, that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate that reference or link.

(e) Limitation on liability of nonprofit educational institutions.

(1) When a public or other nonprofit institution of higher education is a service provider, and when a faculty member or graduate student who is an employee of such institution is performing a teaching or research function, for the purposes of subsections (a) and (b) such faculty member or graduate student shall be considered to be a person other than the institution, and for the purposes of subsections (c) and (d) such faculty member's or graduate student's knowledge or awareness of his or her infringing activities shall not be attributed to the institution, if—

(A) such faculty member's or graduate student's infringing activities do not involve the provision of online access to instructional materials that are or were required or recommended, within the preceding 3-year period, for a course taught at the institution by such faculty member or graduate student;

(B) the institution has not, within the preceding 3-year period, received more than two notifications described in subsection (c)(3) of claimed infringement by such faculty member or graduate student, and such notifications of claimed infringement were not actionable under subsection (f); and

(C) the institution provides to all users of its system or network informational materials that accurately describe, and promote compliance with, the laws of the United States relating to copyright.

(2) For the purposes of this subsection, the limitations on injunctive relief contained in subsections (j)(2) and (j)(3), but not those in (j)(1), shall apply.

(f) Misrepresentations. Any person who knowingly materially misrepresents under this section—

(1) that material or activity is infringing, or

(2) that material or activity was removed or disabled by mistake or misidentification,

shall be liable for any damages, including costs and attorneys' fees, incurred by the alleged infringer, by any copyright owner or copyright owner's authorized licensee, or by a service provider, who is injured by such misrepresentation, as the result of the service provider relying upon such misrepresentation in removing or disabling access to the material or activity claimed to be infringing, or in replacing the removed material or ceasing to disable access to it.

(g) Replacement of removed or disabled material and limitation on other liability.

(1) No liability for taking down generally. Subject to paragraph (2), a service provider shall not be liable to any person for any claim based on the service provider's good faith disabling of access to, or removal of, material or activity claimed to be infringing or based on facts or circumstances from which infringing activity is apparent, regardless of whether the material or activity is ultimately determined to be infringing.

(2) Exception. Paragraph (1) shall not apply with respect to material residing at the direction of a subscriber of the service provider on a system or network controlled or operated by or for the service provider that is removed, or to which access is disabled by the service provider, pursuant to a notice provided under subsection (c)(1)(C), unless the service provider—

(A) takes reasonable steps promptly to notify the subscriber that it has removed or disabled access to the material;

(B) upon receipt of a counter notification described in paragraph (3), promptly provides the person who provided the notification under subsection (c)(1)(C) with a copy of the counter notification, and informs that person that it will replace the removed material or cease disabling access to it in 10 business days; and

(C) replaces the removed material and ceases disabling access to it not less than 10, nor more than 14, business days following receipt of the counter notice, unless its designated agent first receives notice from the person who submitted the notification under subsection (c)(1)(C) that such person has filed an action seeking a court order to restrain the subscriber from engaging in infringing activity relating to the material on the service provider's system or network.

(3) Contents of counter notification. To be effective under this subsection, a counter notification must be a written communication provided to the service provider's designated agent that includes substantially the following:

(A) A physical or electronic signature of the subscriber.

(B) Identification of the material that has been removed or to which access has been disabled and the location at which the material appeared before it was removed or access to it was disabled.

(C) A statement under penalty of perjury that the subscriber has a good faith belief that the material was removed or disabled as a result of mistake or misidentification of the material to be removed or disabled.

(D) The subscriber's name, address, and telephone number, and a statement that the subscriber consents to the jurisdiction of Federal District Court for the judicial district in which the address is located, or if the subscriber's address is outside of the United States, for any judicial district in which the service provider may be found, and that the subscriber will accept service of process from the person who provided notification under subsection (c)(1)(C) or an agent of such person.

(4) Limitation on other liability. A service provider's compliance with paragraph (2) shall not subject the service provider to liability for copyright infringement with respect to the material identified in the notice provided under subsection (c)(1)(C).

(h) Subpoena to identify infringer.

(1) Request. A copyright owner or a person authorized to act on the owner's behalf may request the clerk of any United States district court to issue a subpoena to a service provider for identification of an alleged infringer in accordance with this subsection.

(2) Contents of request. The request may be made by filing with the clerk—

(A) a copy of a notification described in subsection (c)(3)(A);

(B) a proposed subpoena; and

(C) a sworn declaration to the effect that the purpose for which the subpoena is sought is to obtain the identity of an alleged infringer and that such information will only be used for the purpose of protecting rights under this title.

(3) Contents of subpoena. The subpoena shall authorize and order the service provider receiving the notification and the subpoena to expeditiously disclose to the copyright owner or person authorized by the copyright owner information sufficient to identify the alleged infringer of the material described in the notification to the extent such information is available to the service provider.

(4) Basis for granting subpoena. If the notification filed satisfies the provisions of subsection (c)(3)(A), the proposed subpoena is in proper form, and the accompanying declaration is properly executed, the clerk shall expeditiously issue and sign the proposed subpoena and return it to the requester for delivery to the service provider.

(5) Actions of service provider receiving subpoena. Upon receipt of the issued subpoena, either accompanying or subsequent to the receipt of a notification described in subsection (c)(3)(A), the service provider shall expeditiously disclose to the copyright owner or person authorized by the copyright owner the information required by the subpoena, notwithstanding any other provision of law and regardless of whether the service provider responds to the notification.

(6) Rules applicable to subpoena. Unless otherwise provided by this section or by applicable rules of the court, the procedure for issuance and delivery of the subpoena, and the remedies for noncompliance with the subpoena, shall be governed to the greatest extent practicable by those provisions of the Federal Rules of Civil Procedure governing the issuance, service, and enforcement of a subpoena duces tecum.

(i) Conditions for eligibility.

(1) Accommodation of technology. The limitations on liability established by this section shall apply to a service provider only if the service provider—

(A) has adopted and reasonably implemented, and informs subscribers and account holders of the service provider's system or network of, a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider's system or network who are repeat infringers; and

(B) accommodates and does not interfere with standard technical measures.

(2) Definition. As used in this subsection, the term "standard technical measures" means technical measures that are used by copyright owners to identify or protect copyrighted works and—

(A) have been developed pursuant to a broad consensus of copyright owners and service providers in an open, fair, voluntary, multi-industry standards process;

(B) are available to any person on reasonable and nondiscriminatory terms; and

(C) do not impose substantial costs on service providers or substantial burdens on their systems or networks.

(j) Injunctions. The following rules shall apply in the case of any application for an injunction under section 502 [[17 USCS § 502](#)] against a service provider that is not subject to monetary remedies under this section:

(1) Scope of relief.

(A) With respect to conduct other than that which qualifies for the limitation on remedies set forth in subsection (a), the court may grant injunctive relief with respect to a service provider only in one or more of the following forms:

(i) An order restraining the service provider from providing access to infringing material or activity residing at a particular online site on the provider's system or network.

(ii) An order restraining the service provider from providing access to a subscriber or account holder of the service provider's system or network who is engaging in infringing activity and is

identified in the order, by terminating the accounts of the subscriber or account holder that are specified in the order.

(iii) Such other injunctive relief as the court may consider necessary to prevent or restrain infringement of copyrighted material specified in the order of the court at a particular online location, if such relief is the least burdensome to the service provider among the forms of relief comparably effective for that purpose.

(B) If the service provider qualifies for the limitation on remedies described in subsection (a), the court may only grant injunctive relief in one or both of the following forms:

(i) An order restraining the service provider from providing access to a subscriber or account holder of the service provider's system or network who is using the provider's service to engage in infringing activity and is identified in the order, by terminating the accounts of the subscriber or account holder that are specified in the order.

(ii) An order restraining the service provider from providing access, by taking reasonable steps specified in the order to block access, to a specific, identified, online location outside the United States.

(2) Considerations. The court, in considering the relevant criteria for injunctive relief under applicable law, shall consider—

(A) whether such an injunction, either alone or in combination with other such injunctions issued against the same service provider under this subsection, would significantly burden either the provider or the operation of the provider's system or network;

(B) the magnitude of the harm likely to be suffered by the copyright owner in the digital network environment if steps are not taken to prevent or restrain the infringement;

(C) whether implementation of such an injunction would be technically feasible and effective, and would not interfere with access to noninfringing material at other online locations; and

(D) whether other less burdensome and comparably effective means of preventing or restraining access to the infringing material are available.

(3) Notice and ex parte orders. Injunctive relief under this subsection shall be available only after notice to the service provider and an opportunity for the service provider to appear are provided, except for orders ensuring the preservation of evidence or other orders having no material adverse effect on the operation of the service provider's communications network.

(k) Definitions.

(1) Service provider.

(A) As used in subsection (a), the term "service provider" means an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user's choosing, without modification to the content of the material as sent or received.

(B) As used in this section, other than subsection (a), the term "service provider" means a provider of online services or network access, or the operator of facilities therefor, and includes an entity described in subparagraph (A).

(2) Monetary relief. As used in this section, the term "monetary relief" means damages, costs, attorneys' fees, and any other form of monetary payment.

(l) Other defenses not affected. The failure of a service provider's conduct to qualify for limitation of liability under this section shall not bear adversely upon the consideration of a defense by the service provider that the service provider's conduct is not infringing under this title or any other defense.

(m) Protection of privacy. Nothing in this section shall be construed to condition the applicability of subsections (a) through (d) on—

(1) a service provider monitoring its service or affirmatively seeking facts indicating infringing activity, except to the extent consistent with a standard technical measure complying with the provisions of subsection (i); or

(2) a service provider gaining access to, removing, or disabling access to material in cases in which such conduct is prohibited by law.

(n) Construction. Subsections (a), (b), (c), and (d) describe separate and distinct functions for purposes of applying this section. Whether a service provider qualifies for the limitation on liability in any one of those subsections shall be based solely on the criteria in that subsection, and shall not affect a determination of whether that service provider qualifies for the limitations on liability under any other such subsection.

History

HISTORY:

Added Oct. 28, 1998, *P. L. 105-304*, Title II, § 202(a), *112 Stat. 2877*; Aug. 5, 1999, *P. L. 106-44*, § 1(d), *113 Stat. 222*; Dec. 9, 2010, *P. L. 111-295*, § 3(a), *124 Stat. 3180*.