So Happy Together: Should the California Decision be a Basis to Recognize a Right of Public Performance in Pre-1972 Sound Recordings?

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SO HAPPY TOGETHER: SHOULD THE CALIFORNIA DECISION BE A BASIS TO RECOGNIZE A RIGHT OF PUBLIC PERFORMANCE IN PRE-1972 SOUND RECORDINGS?

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ABSTRACT

One of the peculiarities of American copyright law is the way it deals with sound recordings. The federal copyright regime has until now treated the protection afforded sound recordings as different from the protection awarded to other copies. Because of this difference in coverage, pre-1972 sound recordings are not protected by federal law and have only the patchwork protection afforded under state laws.

In August of 2013, Mark Volman and Howard Kaylan (Flo & Eddie, Inc.), the founding members of the 1960s rock group “The Turtles,” filed a $100 million class action suit in California against SiriusXM satellite radio, claiming their public performance rights in sound recordings made before 1972.1 Their strategy was file the class action suit in California in coordination with other suits in New York and Florida. Flo & Eddie, Inc. followed

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their SiriusXM suit with a suit in California against Pandora internet radio.

Satellite and internet radio stations transmit thousands of pre-1972 sound recordings on the understanding that §114 of the Copyright Act of 1976 gives them the protection to do so. This section of the Copyright Act carves out limitations on exclusive rights and outlines the way that compensation accrues to owners of recordings. In their complaint, Flo & Eddie, Inc. argued that SiriusXM engaged in misappropriation, unfair competition, and conversion that affected all members of its class action, and that federal law, in its present form, could not be relied upon for effective relief.

This article examines the background of copyright law in the U.S. leading to Flo & Eddie, Inc.’s complaint. The article focuses on examining the specific situation covering protection of sound recordings made prior to February, 15 1972, and looks at the repercussions of the gap in federal coverage. It also examines the New York, Florida, and Pandora cases. Finally, the article looks at the California settlement and at the assertion of whether that case might be used as a springboard to create a federal scheme of protection for pre-1972 sound recordings.

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I. INTRODUCTION

One of the peculiarities of American copyright law is the way it deals with sound recordings. The federal copyright regime treated sound recordings as different from the protection awarded to other copies and, consequently, there are some gaps in protection coverage. Because of how federal protection developed, pre-1972 sound recordings are not protected by federal law and have only the patchwork protection afforded under state laws.

In August of 2013, Mark Volman and Howard Kaylan, the founding members of the 1960s rock group “The Turtles,” filed a $100 million class action suit in California, under the incorporated name “Flo & Eddie, Inc.” against SiriusXM satellite radio, claiming their public
performance rights in sound recordings made before 1972.\(^2\) They filed this class action suit in California in coordination with other suits in New York and Florida and followed with a suit in California against Pandora internet radio.\(^3\)

Satellite and internet radio stations transmit thousands of pre-1972 sound recordings on the understanding that §114 of the Copyright Act of 1976 gives them the protection to do so. The section of the Copyright Act carves out limitations on exclusive rights and outlines the way that compensation accrues to owners of recordings.\(^4\) In their complaint, Flo & Eddie, Inc. contended that SiriusXM engaged in misappropriation, unfair competition, and conversion that affected all members of its class action, and that federal law, in its present form, could not be relied upon for effective relief.\(^5\) In November of 2016, on the eve of trial, Flo & Eddie, Inc. settled the California federal lawsuit over oldies royalties.\(^6\)

This article seeks to examine the background of copyright law in the U.S. leading to Flo & Eddie, Inc.’s complaint. The article will focus on examining the specific situation covering protection of sound recordings made prior to February, 15 1972, and will look at the

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repercussions of the gap in federal coverage. It will also briefly examine the New York, Florida, and Pandora cases. Finally, the article will return to the California settlement and look at another author’s assertion of whether that case might be used as a springboard to create a federal scheme of protection for pre-1972 sound recordings.

II. BACKGROUND

A. Early Protection

American copyright law has its roots in English law, more specifically the Statute of Anne, or the Copyright Act of 1710. This was the first statute that provided regulations on copyright by the government and the courts rather than by private parties. The Statute of Anne is a “watershed event in Anglo-American copyright history . . . transforming what had been the publishers’ private law copyright into a public law grant.” As such, the Statute of Anne is the first example of a copyright scheme that vested in authors rather than publishers. The Statute influenced copyright law development in Commonwealth Nations, including as well as the United States, and its influence is still felt, as it is still “frequently invoked by modern judges and academics as embodying the utilitarian underpinnings of copyright law.” Significant to this discussion, music was not included as protectable subject matter in the Statue of Anne and it was not until 1773, when the youngest son

7 8 Ann. c. 21.
9 L. Ray Patterson & Craig Joyce, Copyright in 1791: An Essay Concerning the Founders’ View of the Copyright Power Granted to Congress in Article I, Section 8, Clause 8 of the U.S. Constitution, 52 EMORY L.J. 909, 916 (2003).
of Johann Sebastian Bach, Johann Christian Bach an accomplished composer in his own right, sued to have his own works protected.\textsuperscript{11} In American law, the Copyright Act of 1790 sprung from the core of the Statute of Anne and it maintained the concept of protection that is vested in authors.\textsuperscript{12}

\textbf{B. Act of 1790}

Copyright law in the United States springs from the Intellectual Property Clause of the Constitution, which grants Congress the power “[t]o promote the Progress of Science and useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”\textsuperscript{13} Based on that authority, Congress enacted in 1790 the first American Copyright Act.\textsuperscript{14} The Act of 1790 granted reproduction and distribution rights to the authors of maps, charts, and books, but not to those of musical works.\textsuperscript{15} With time, the Act of 1790 expanded to cover other works, like literary and artistic works, as comparable to the original protected works.\textsuperscript{16} The expansion of protected rights continued and in 1856 authors of dramatic compositions received the right

\begin{footnotes}
\item[12] 1 Stat. 124 (1790) (repealed 1909).
\item[13] U.S. CONST. art I, § 8, cl. 8 (Because this clause is the source of Congress’ power to enact legislation governing copyrights and patents, it is often referred to as the “patent and copyright clause”).
\item[14] ALEXANDER, supra note 9.
\item[15] Id.
\end{footnotes}
of protection on their “public performances.”

This expansion gave authors and right holders the “exclusive right to ‘act, perform, or represent the same, or cause it to be acted, performed, or represented, on any stage or public place during the whole period for which the copyright is obtained.’” As a logical extension to the protection granted for public performances, Congress expanded protection to musical compositions in 1897 with the Cummings Copyright Bill (hereinafter “Cummings Bill”).

Prior to the Cummings Bill, right holders in musical compositions were only able to capitalize their rights by the sale of printed sheet music. In the years leading up to the Cummings Bill revision, copyright in the common law followed the lines of property law. If the work remained in manuscript form, (and thus private property), the creator of the work retained all rights, including the right of public performance. Once performance of the work occurred in public, however, the work passed into the public domain and the creator lost all rights except those saved by the statute. With the Cummings Bill of 1897’s expansion of rights, musicians were finally able to profit from the performances of their work because protection was finally recognized for public performances of musical works.

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19 Act of Jan. 6, 1897, 29 Stat. 481, 481–82.
22 Id.
23 Jolson, supra note 16, at 771.
C. Act of 1909

The series of bills and revisions to the Act of 1789 that occurred during the nineteenth century finally led to a major overhaul of the Copyright Act in the early twentieth century.24 The 1909 Act created a system wherein state and federal law operated separately and at distinct phases.25 “Common law,” or state copyright law, protected works until publication—at which point federal copyright law became effective.26 Once published, the work fell under federal protection, if the author had followed precise rules dictated by federal copyright law, most importantly the notice requirement.27 Failure to follow any of the federal provisos caused the work to fall into the public domain.28 These rules were applicable to all manner of works, including musical works.

Because composers were finally able to collect royalties on their public performances of their works, a way to collect and distribute those royalties had to be worked out.29 In 1914, a group of writers and music publishers banded together to form the American Society of Composers, Authors and Publishers (ASCAP).30 The purpose of ASCAP was to collect royalties from venues

25 Pulsinelli, supra note 15, at 172 (citing 1 Melville B. Nimmer & David Nimmer, NIMMER ON COPYRIGHT, § 2.02 (2014)).
26 Id.
27 Id.
28 Id.
30 Id.
that publicly performed works belonging to members of the organization. In 1917, the Supreme Court upheld the right of compensation for public performances of musical compositions, even if there was no direct charge for admission at the venue. The *Herbet v. Shanley Co.* decision guided ASCAP in adopting blanket licensing, the royalty payment mechanism which is still used today. Under a blanket license, businesses such as restaurants have the right to play any musical composition in the ASCAP catalog for an annual fee. With the emergence of radio broadcasting in the 1920s, ASCAP expanded the blanket license model to allow radio stations the same abilities to play musical compositions as other businesses. ASCAP acted as a collection and distribution center for royalties on musical compositions due to its member right holders. Eventually, other performance rights organizations, such as Broadcast Music, Inc. (BMI) and the Society for European Stage Authors and Composers (SESAC) came into being to compete with ASCAP.

32 *Ascap Celebrates 95th Anniversary and 105th Birthday of Founder: American Music Great Victor Herbert*, ASCAP (Feb. 2, 2009), https://www.ascap.com/press/2009/0202_victorHerbert.aspx (Victor August Herbert was an Irish-American composer of such operettas as Babes in Toyland, Naughty Marietta, Sweethearts and The Red Mill. He was the driving force behind the establishment of ASCAP and guided its early years as Vice President of the organization from 1914 until his death in 1924. He was also the ‘Herbert’ in Herbert v. Shanley). [https://perma.cc/F4KK-B4ZR]
35 Id.
36 Id.
extended to musical compositions and not to the sound recordings of those compositions.37

As technology and foreign copyright regimes moved forward, the Act of 1909 became more and more unmanageable in some areas.38 Congress considered alternatives to comprehensively rework copyright law and that would grant protection to sound recordings, but no changes came until 1971.39 In 1971, Congress passed the Sound Recording Amendment Act, putting sound recordings made after February 15, 1972, under federal copyright protection. This move by Congress was prompted by the rapid move in analog technology in the 1960s and the increased possibility for piracy of recorded works that technology facilitated.40 Congress, however, chose to exclude sound recordings made before February 15, 1972 from federal protection, leaving protection for those sound recordings to state law.41 Congressional hearings after the 1971 amendment show that the decision to deny retroactive federal protection for sound recordings was met with misgivings in several quarters.42 Following the enactment of the 1971 amendment, some states either enacted statutes to protect pre-1972 sound recordings or

38 Id. at 8–10.
39 Pulsinelli, supra note 15, at 172–73.
41 Pulsinelli, supra note 15, at 172 (citing 17 U.S.C. § 301 (c) (1998)).
relied on existing common law to do so. California followed the former path while New York stayed with the latter.  

**D. Act of 1976**

In 1955, at the behest of Congress, the Copyright Office began a series of studies to revise federal copyright law that would lead to the creation of the Copyright Act of 1976 (hereinafter the “Act of 1976”). The Act of 1976 was a major revision of copyright law bringing all works of authorship under federal protection. Federal copyright law now protects all works automatically at the moment of creation with fixation in a tangible medium of expression. Publication and notice are no longer relevant, accordingly formalities are not required for the subsistence of copyright. Since all works receive copyright protection from the moment of creation and the formality of publication is not required, state law protection for unpublished works is no longer necessary.

In the Act of 1976, there is a clear difference between musical works and sound recordings. The Act defines “[s]ound recordings” as “works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work, regardless of the nature of the material objects, such as disks, tapes, or other phonorecords, in which they are embodied.” The Act does not define musical works, and as such we must take its

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43 *Id.* at 769.
44 *Id.*
45 *Id.* at 765
47 *Id.*
48 *Id.* § 401 et seq.
49 *Id.* § 301(a).
50 *Id.* § 101.
common definition as the arrangement of melody, harmony, and lyrics\textsuperscript{51} that are embodied in a composition. Sound recordings, by statutory definition, do not “includ[e] the sounds accompanying a motion picture or other audiovisual work.”\textsuperscript{52} These differences in definitions underline the distinction between compositions (written or notational form of the work) and performances (recorded form of the work).\textsuperscript{53} A live performance of a musical work (i.e., § 102(a)(2) works) will infringe the holder’s § 106(4) right of public performance of the underlying work and may only be done with license from the right holder.\textsuperscript{54} For sound recordings (i.e., § 102(a)(7) works), § 114(a) of the Act of 1976 provides that no public performance right applies. However, § 114, particularly §§ 114(d)-(j), also limits the right “to perform the copyrighted work publicly by means of a digital audio transmission” (i.e., § 106(6) right).\textsuperscript{55} Public performance rights to digital audio transmissions are subject, under the three tier system of §114, to the transmission’s geographic scope and expected degree of interactivity, which in analogue terms are indicators of the extent to which the transmissions might eat into record sales.\textsuperscript{56} Following the established exemption from licensing and performance rights given to radio stations, transmissions in the first tier are freely available broadcasts, including those converted from analogue radio to digital signals.\textsuperscript{57} Interactive broadcasts residing within the “sound recording performance

\textsuperscript{51} Id. § 102(a)(2) (refers to the right on “musical works, including any accompanying words).

\textsuperscript{52} Id. § 101.

\textsuperscript{53} Pulsinelli, supra note 15, at 177 (citing §§ 102(a)(2), (a)(7)).

\textsuperscript{54} Id.

\textsuperscript{55} Id. at 175.

\textsuperscript{56} Id. at 179.

\textsuperscript{57} See id. (citing 17 U.S.C. § 114 (d) (1978)).
complement” make up the second tier. 58 Non-interactive broadcasts, including satellite radio and most webcasts, are eligible for a statutory license similar to a § 115 cover license.59 In this tier, the digital broadcaster must negotiate licenses with each performer individually.60 Interactive transmissions and archived programs, which contain user-controlled content, fall under the third tier, where individual performers retain the right to negotiate licensing with digital broadcasters.61

The preemption power of the Act of 1976 over state laws pertaining to copyright will not take effect on those rights on pre-1972 sound recordings until 2067.62 On February 16, 2067, all sound recordings made pre-1972 will enter the public domain having received, at minimum, the period of 95 years of protection awarded to works created under the 1971 amendment (see supra, § II.C.).63 Because of this situation, there are virtually no sound recordings in the public domain and no significant number will enter for another 50 years.64 There are, however, a few

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58 See id. at 180 (citing 17 § 114(d)(2). §114(j)(13) defines “Sound recording performance complement” essentially, as Pulsinelli says in his article, “don’t play too much from any one artist or album at one time.”).
59 Id. (A § 115 cover license allows for a compulsory license for “mechanical” or “cover” versions of a musical composition. Once a musical composition is recorded and released, it is available for anyone to record and release his or her own versions provided that the subsequent recorder of the work comply with the statutory requirements, including the payment of statutory fees.) See 17 U.S.C. § 115.
60 Id.
61 Id.
62 17 U.S.C. § 301(c).
63 Copyright Report, supra note 36, at 5.
64 Id.
individual states\textsuperscript{65} that have explicitly set shorter terms of protection, nevertheless no pre-1972 sound recordings are in the public domain throughout the country unless they were specifically so dedicated by their right holders or were published between February 15, 1972 and March 1, 1989 without the required formalities.\textsuperscript{66}

As the Copyright Office report states:

As a consequence of this legal construct, there is virtually no public domain in the United States for sound recordings and a 55 year wait before this will change. To put this in perspective, one need only compare the rules of copyright term for other works. For example, a musical composition published in 1922 would have entered the public domain at the end of 1997, but a sound recording of that same musical composition that was fixed the same year will remain protected for another 70 years, until 2067. In fact, sound recordings first fixed in 1922 will enter the public domain the same year as those first fixed between February 15 and December 31, 1972 (the first year they were eligible for federal protection). In each case, they will not enter the public domain until the end of 2067.\textsuperscript{67}

The enactment of the Act of 1976 brought about a reexamination of the Sound Recording Amendment Act of 1971, but Congress preserved the regime created for state protection of pre-1972 sound recordings.\textsuperscript{68} With the Act of 1976, Congress created a unitary system of copyright law, yet it expressively left out sound recordings from that system with the retention of the pre-1972 construct.\textsuperscript{69} It is

\textsuperscript{65} See id. at 28. Notably California, were California Civil Code § 980(a)(2) provides that exclusive ownership of rights on a sound recording shall not extend beyond February 15, 2047.

\textsuperscript{66} Id. at 5 n. 13.

\textsuperscript{67} Id. at 5–6.

\textsuperscript{68} Id. at 5 n. 11.

\textsuperscript{69} Id. at 14.
unclear why Congress maintained the binary system of protection for pre-1972 sound recordings. There are, however, two theories concerning why Congress kept the system. The first theory is that it was simply a mistake; Congress did not understand “the implications of amending the bill as it then existed to add section 301(c).” The second theory is that Congress was simply following the tradition of including new works under copyright only on a prospective basis, as was the case “with musical compositions in 1831 and photographs in 1865”. At the time, Congress was exploring a separate copyright act revision, into which, the Copyright Office surmises, it expected to add provisions that would render extension of the sound recording amendment unnecessary. In either case, Congress left the door open for Flo & Eddie, Inc.’s controversy.

E. Post Act of 1976 Amendments

In 1995, Congress amended § 106 of the Act of 1976, adding in § 106(6), an exclusive right “in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.” As with the increase of analog technologies in the 1960s, developments in digital technologies in the 1990s prompted Congress to take further action. The Digital Millennium Copyright Act of 1998 (DMCA) was Congress’ next step to “preserve strong incentives for service providers and copyright owners to cooperate to detect and deal with copyright infringements that take place in a digital networked

70 Id.
71 See id. at 15–17 for a full explanation of both theories.
72 Copyright Report, supra note 36, at 15–17.
73 Id. at 12.
environment.”⁷⁵ One section of the DMCA, codified at section 512 of title 17, imposed infringement limitations on online service providers (OSP).⁷⁶ What courts have not settled is whether or not § 512 provides those same limitations to violations on the rights of pre-1972 sound recordings.⁷⁷ There has been one court ruling that § 512 applies to pre-1972 sound recordings.⁷⁸ In Capitol Records, Inc. v. MP3tunes (hereinafter “MP3tunes”), the court opined “[t]he text of the DMCA limits immunity for the ‘infringement of copyrights’ without drawing any distinction between federal and state law.”⁷⁹ The court reasoned that “section 301(c) does not prohibit all subsequent regulation of pre-1972 sound recordings” despite its setting of the distinction between recordings made before and after February 15, 1972.⁸⁰ The Copyright Office found the court’s conclusion that Congress regulated pre-1972 sound recordings in section 512(c) “difficult to square.”⁸¹ Other courts faced with the same issue have declined to follow the example of MP3tunes.⁸²

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⁷⁶ Copyright Report, supra note 36, at 89.

⁷⁷ Id.


⁷⁹ Id. at 641.

⁸⁰ Id.

⁸¹ Copyright Report, supra note 36, at 131.

III. FLO & EDDIE, INC. v. SIRIUSXM

The four suits (one in California\(^83\), New York\(^84\) and Florida\(^85\) against SiriusXM satellite radio and one in California\(^86\) against Pandora internet radio) brought by Flo & Eddie, Inc. center on the issue of whether digital music services must have the right-holder’s permission to play pre-1972 sound recordings.\(^87\) Flo & Eddie, Inc. accused SiriusXM of including among its satellite and internet radio services the unauthorized and unlicensed performance, distribution, and reproduction of pre-1972 sound recordings, thus infringing on the rights of themselves and a class of similarly situated right holders.\(^88\) SiriusXM responded that no states, including California, New York, and Florida, gave control over public performances of recordings to right holders of pre-1972 sound recordings.\(^89\) Each one of these courts took its own approach to grant (California\(^90\) and New York\(^91\)) or deny (Florida\(^92\)) the right.

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85 Flo & Eddie, Inc. v. Sirius XM Radio, Inc., 229 So.3d 305 (Fla. 2017).
86 Flo & Eddie, Inc. v. Pandora Media, Inc., 851 F.3d 950 (9th Cir. 2017).
87 Resnikoff, supra note 2.
89 Id.
91 Flo & Eddie, Inc., 80 F. Supp. 3d at 539.
92 Flo & Eddie, Inc., 229 So.3d at 316–17.
A. What are Internet and Satellite Radio Stations?

Internet or online radio is any broadcast streamed over the internet. Internet or online radio is any broadcast streamed over the internet. TagWorld, Last.fm, Pandora and Spotify are examples of internet radio stations. Under the Music Genome Project, analysts at Pandora dissect songs by their musical attributes and match them to other songs in its library with similar qualities to create customized content for users free of charge. When a user creates a radio station on Pandora, it uses the Music Genome Project to deliver selections for that user. The Genome Project analyzes the musical structures present in the selections of the user and plays other songs that possess similar musical traits. The user can create a radio station based on a specific song, but Pandora will not allow the user to play a specific song on demand. Basic services on Pandora are free, but it has two tiers (Pandora Plus and Pandora Premium) of paid services that include music without ads and higher quality audio.

96 Layton, supra note 95.
97 Id.
98 Id.
Satellite radio technology uses deployed satellites to transmit programming within the footprint of the satellite.\(^{100}\) The Federal Communications Commission (FCC) originally granted two licenses, one to Sirius Satellite Radio (formerly CD Radio) and one to XM Satellite Radio (formerly American Mobile Radio Corporation), to operate satellite radio stations in the United States.\(^{101}\) Eventually, Sirius and XM merged to become SiriusXM,\(^{102}\) however, the service remains as three different, non-interchangeable, platforms Sirius, XM and SiriusXM.\(^{103}\) Satellite radio offers a host of advantages to its subscribers. Most satellite channels are commercial free and the majority of music channels have no advertising at all. Also, unlike traditional radio, reception is constant throughout the footprint of the satellite.\(^{104}\) That is to say, the signal is not tied to a terrestrial station and a user could drive across country listening to the same station without ever changing the channel.\(^{105}\) Depending on the package, Sirius XM ranges from about $11.00 to $16.00 a month for the service plus the cost of the equipment.\(^{106}\)


\(^{101}\) Id.

\(^{102}\) SiriusXM, So, what exactly is Sirius XM?, SIRIUSXM, https://listenercare.siriusxm.com/app/answers/detail/a_id/3560/~/so%2C-what-exactly-is-siriusxm%3F [https://perma.cc/68SX-A3F7].

\(^{103}\) SiriusXM, *What is the difference between Sirius, XM, and SiriusXM radios?*, SIRIUSXM, https://listenercare.siriusxm.com/app/answers/detail/a_id/4106/related/1/session/L2F2LzEvdGltaS8xNTA4MzQ5NDYzL3NpZC9aKlI2bnZ2bg%3D%3D [https://perma.cc/6VRG-5MS9].

\(^{104}\) SiriusXM, *supra* note 101.

\(^{105}\) Id.

B. The Flo & Eddie, Inc. Cases

The Flo & Eddie, Inc. lawsuits are atypical for the music industry because the performers, rather than the record label or producer, actually own the rights to the master recordings. Seizing the opportunity to buy back rights to their master recordings when “White Whale,” the Turtles’ original record label, declared bankruptcy, at the same time Flo & Eddie, Inc. also secured the right to use the name “The Turtles.” With those original rights, Flo & Eddie, Inc. had the standing as right holders to assert their claims against SiriusXM and Pandora.

We will next look at the development of the cases in California, New York, and Florida, beginning with the decision in Florida against Flo and Eddie, Inc.

1. Florida

The Florida decision came after wins for Flo & Eddie, Inc. in New York and California, and was the first setback from what had been initial gains in those two states. The District Court for the Southern District of Florida granted summary judgment for SiriusXM on the grounds that despite Flo & Eddie, Inc.’s assertion that, “Florida broadly defines property, and therefore, Florida common law copyright must encompass an exclusive right

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108 Id.
of public performance,” adopting Flo & Eddie’s position would be creating “a new property right in Florida.”

Flo & Eddie, Inc., appealed the final order of the District Court granting summary judgment for SiriusXM to the U.S. Court of Appeals for the Eleventh Circuit. The Eleventh Circuit followed up with four questions directing the Supreme Court of Florida to address whether the state “recognizes common law copyright in sound recordings and, if so, whether that copyright includes the exclusive right of reproduction and/or the exclusive right of public performance.” In October 2017, the Florida Supreme Court returned its answer to the Eleventh Circuit concluding that Florida did not recognize an exclusive right of public performance in pre-1972 sound recordings.

2. New York

New York was a mixed bag for Flo & Eddie, Inc., with a win in at the District Court for the Southern District of New York found that New York, but followed by a shut down at the Court of Appeals for the Second Circuit. The District Court recognized a developed common law copyright that applied to the issue of sound recordings. The Court asked whether New York provided right holders of common law copyrights in sound recordings with the exclusive right to perform those recordings in public. The Court also recognized this question as “one of first

111 Id. at 1025.
114 Id.
impression that would have profound economic consequences for the recording industry and both the analog and digital broadcast industries."\textsuperscript{115} The Court reasoned that because New York had recognized common law copyright in public performances of plays and films it should recognize the right on sound recordings as well.\textsuperscript{116}

In December of 2016, on appeal from SiriusXM at the Court of Appeals for the Second Circuit, the Second Circuit certified the question of whether there is a right of public performance for creators of sound recordings under New York law at the New York State Court of Appeals.\textsuperscript{117} The Court reasoned, “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."\textsuperscript{118}

3. California

Flo & Eddie, Inc., brought suit in the District Court for the Central District of California, alleging that SiriusXM violated California Civil Code Section 980(a)(2) and was liable for conversion, misappropriation, and unfair competition.\textsuperscript{119} Flo & Eddie, Inc. sought damages, restitution, and injunctive relief on behalf of itself and the putative class.\textsuperscript{120} The Court granted summary judgment on Flo & Eddie, Inc.’s motion and found SiriusXM liable for the unauthorized public performance of pre-1972 sound

\textsuperscript{115} Id. at 338–39.
\textsuperscript{116} Id. at 341.
\textsuperscript{117} Flo & Eddie, Inc. v Sirius XM Radio, Inc., 28 N.Y.3d 583, 589 (Ct. App. N.Y. 2016).
\textsuperscript{118} Id. at 605.
\textsuperscript{120} Garden City Group, supra note 87.
recordings in California.\textsuperscript{121} The Court based its decision on the existence of § 980(a)(2) which gives right holders the “exclusive ownership” on a sound recording “as against all persons” and, since there is no California common law on the topic, that statutory clause had to be read in favor of Flo & Eddie, Inc.\textsuperscript{122} By November of 2016, the parties entered into a settlement to resolve the lawsuit, and in January of 2017, the court issued an order granting preliminary approval of the settlement.\textsuperscript{123}

\section*{C. Other Challenges to SiriusXM}

As shown by the aforementioned discussion, Flo & Eddie, Inc. presents the very rare situation where the musicians have retained or been able to recapture the rights on their sound recordings.\textsuperscript{124} The rights to most of pre-1972 sound recordings are in the hands of the three major record labels in the United States: Sony Music Entertainment, UMG Recordings and Warner Music Group.\textsuperscript{125} These “big three” are among a host of other record labels form the Recording Industry Association of America (RIAA).\textsuperscript{126} Soon after Flo & Eddie, Inc.’s filing of the class action suit in California, ABKCO Music & Records, Capitol Records, Sony Music Entertainment, UMG Recordings, and Warner Music Group filed suit against SiriusXM over their pre-1972 recording

\begin{itemize}
\item[121] Ely, \textit{supra} note 106, at 753.
\item[123] Garden City Group, \textit{supra} note 89.
\item[124] Ely, \textit{supra} note 108, at 752.
\end{itemize}
performances.\footnote{Eriq Gardner, \textit{Record Giants Win $210M Settlement from SiriusXM Over Pre-1972 Music}, \textsc{Hollywood Reporter} (June 26, 2015, 6:41 AM), http://www.hollywoodreporter.com/thr-esq/record-giants-win-210m-settlement-805313 [http://perma.cc/N6VK-SHXJ].} Traditionally, record labels did not receive royalties from terrestrial radio operators, opting instead to accept the “free” publicity, but changes in the public consumption of music also changed the dynamic and thus prompted the action.\footnote{Id.} SiriusXM settled with a $210 million payment and a deal that provided for a license through the end of 2017, after which they will have to negotiate with the record labels for the use of pre-1972 sound recordings.\footnote{Id.} That agreement between the labels and SiriusXM did not specify if and how the labels would share proceeds with its artists.\footnote{Id.}

\section*{D. Pandora}

After the win in California against SiriusXM, Flo & Eddie, Inc. did not wait long to follow up in suing Pandora.\footnote{Ashley Cullins, \textit{Appeals Court Reviews the Turtles’ Royalties Dispute with Pandora}, \textsc{Hollywood Reporter}, (Dec. 08, 2016, 5:48 PM), http://www.hollywoodreporter.com/thr-esq/appeals-court-reviews-turtles-royalties-dispute-pandora-954477 [https://perma.cc/G3AX-GRYF].} The District Court denied Pandora’s motion to dismiss the suit under California’s anti-SLAPP statute.\footnote{Id.} The Court found that “[a]lthough the conduct underlying the claims in this case constitutes ‘protected activity’ under the anti-SLAPP statute, Flo & Eddie has demonstrated that its claims are meritorious enough to withstand the anti-SLAPP motion.”\footnote{CIVIL MINUTES, Flo & Eddie, Inc. v. Pandora Media, Inc., No. 2:14-cv-07648-PSG-RZ Doc. 28 (C.D. Cal. 2015),} Pandora appealed to the United States
Court of Appeals for the Ninth Circuit, the Ninth Circuit opined that, since no controlling precedent existed, a California Supreme Court decision should determine the outcome of future matters. The Ninth Circuit certified the following two questions to the California Supreme Court:

1. Under section 980(a)(2) of the California Civil Code, do copyright owners of pre-1972 sound recordings that were sold to the public before 1982 possess an exclusive right of public performance?

2. If not, does California’s common law of property or tort otherwise grant copyright owners of pre-1972 sound recordings an exclusive right of public performance?

Again, the record labels soon followed with their own suit against Pandora in New York, asserting New York state misappropriation claims over pre-1972 sound recordings. In their complaint, the labels alleged appropriation and New York common law infringement on the pre-1972 sound recordings. In October of 2015, Pandora settled with the record labels, paying $90 million for its use of pre-1972 sound recordings.


134 Pandora Media, Inc., 851 F.3d at 954.

135 Id. at 951.


138 Bill Donahue, Pandora Pays Labels $90M To Settle Pre-1972 Fight, LAW 360, (Oct. 22, 2015),
The battle over rights on pre-1972 sound recordings is not over and the differing results in California and New York will ensure that it will continue until the differences between pre and post 1972 recordings are settled.

IV. DISCUSSION

A. Legislative Solution

Many scholars and the Copyright Office have suggested legitimate policy arguments for solving the question through either federal jurisdiction or state common law. In its 2011 report, the Copyright Office outlined the reasons for a legislative solution bringing pre-1972 sound recordings under federal jurisdiction. With the Copyright Act of 1976, Congress ended state common law copyright regimes, which had the effect of bringing almost all copyrightable works within the scope of the federal copyright law. Congress’ rationale was to substitute “a single Federal system for the present anachronistic, uncertain, impractical, and highly complicated dual system.” The House Report concluded, “the bill would greatly improve the operation of the copyright law and would be much more effective in carrying out the basic constitutional aims of uniformity and the promotion of writing and scholarship.” The four reasons offered by Congress for abolishing the dual system were:

1. To promote national uniformity and to avoid the practical difficulties of determining and enforcing an

139 See Copyright Report, supra note 36 at 120–24.
140 Id. at 120.
142 Id.
author’s rights under the differing laws and in the separate courts of the various States;

(2) because “publication” no longer served as a clear and practical dividing line between common law and statutory protection;

(3) to implement the “limited Times” provision of the Copyright Clause, by abrogating the state law system of perpetual copyright for unpublished works; and

(4) to “adopt a uniform national copyright system [that] would greatly improve international dealings in copyrighted material.”

In light of technological developments since 1976, reasons (1) and (4) take on a special significance when applied to pre-1972 sound recordings. As stated above, the reasons for the specific exclusion of sound recordings in a unified national law are unknown but “a uniform national law also would ensure that all who operate under it would know what rights and exceptions apply to their activities.” Bringing pre-1972 sound recordings under an amended Copyright Act will complete the work of creating a unified copyright law begun by Congress in 1976.

The Copyright Office is not the only player suggesting inclusion for pre-1972 sound recordings. In 2014, Rep. George Holding (R-N.C.) introduced the Respecting Senior Performers as Essential Cultural Treasures Act (RESPECT Act) into the House of Representatives. The bill did not pass into law. If

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133 \textit{Id.} at 129–30.
134 Copyright Report, \textit{supra} note 36, at 121.
passed, the bill would have required digital radio services, including SiriusXM and Pandora, to pay royalties for pre-1972 sound recordings.\footnote{Id.} This change in the law would have been accomplished by an amendment to 17 USC §114(f)(4) giving protection to right holders of pre-1972 sound recordings.\footnote{H.R.4772, 113th Cong. (2014).} As framed, the bill would not have brought pre-1972 sound recordings under full copyright protection. The significant clause stated:

This subparagraph does not confer copyright protection under this title upon sound recordings that were fixed before February 15, 1972. Such sound recordings are subject to the protection available under the laws of the States, and except as provided in clause (iii), are not subject to any limitation of rights or remedies, or any defense, provided under this title.\footnote{Id. at § 2(iv).}

A more ambitious proposal came to the forefront in the House of Representatives in 2015 with the introduction of the Fair Play Fair Pay Act.\footnote{Randy Lewis, Fair Play, Fair Pay Act of 2015 Would Require Radio to Pay for Music, LOS ANGELES TIMES, (Apr.13, 2015), http://www.latimes.com/entertainment/music/posts/la-et-ms-fair-play-fair-pay-act-congress-radio-royalties-20150413-story.html [https://perma.cc/9ER8-TA7T].} The bill would have required not only satellite and internet radio stations but also terrestrial radio stations to pay royalties as well.\footnote{Id.} This was a more expansive approach than the RESPECT Act as it included the entirety of that bill in its section 7.\footnote{See H.R. 1733, 114th Cong. (2015).} However, like the RESPECT Act, this bill was not enacted.

In March of 2017, Rep. Jerrold Nadler (D-NY) reintroduced the Fair Play Fair Pay Act\footnote{H.R. 1836, 115th Cong. (2017).} with the support

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of 15 more bi-partisan sponsors. The 2017 bill is identical to the 2015 bill but the political landscape is slightly different than in 2015. The National Association of Broadcasters (NAB) is still one of the bill’s strongest opponents, but the provision for a flat fee capped at $500 per year for small radio stations, as well as other provisos addressing NAB’s historic complaints, is likely to attract converts. Many bills die in committee, and this one did not move to floor vote after summer recess, but its reintroduction signals that the Fair Play Fair Pay Act may have the legs for another run.

In July of 2017, not deterred by the setback that summer to the Fair Play Fair Pay Act of 2017, Rep. Nadler along with Rep. Darrell E. Issa, (R-CA) introduced the Compensating Legacy Artists for their Songs, Service, and Important Contributions to Society Act, or CLASSICS Act of 2017. This act would add a new chapter to the Copyright Act, addressing the unauthorized digital performance of pre-1972 sound recordings. This new chapter 14 would bring pre-1972 sound recordings to parity with later recordings on the subject of digital transmissions and would allow the same safe harbor coverage for pre-1972 sound recordings as for other copyrighted works.

Two other copyright reform bills on the topic of sound recordings were introduced in the House in 2017: (1) the Allocation for Music Producers Act, or the AMP Act, to

154 Id.
156 See id.
provide for direct payment of statutory sound recording performance royalties to record producers;¹⁵⁸ and (2) the Performance Royalty Owners of Music Opportunity To Earn Act of 2017, or the PROMOTE Act of 2017.¹⁵⁹

Opposition to a legislative solution is to be expected from broadcasters and record labels. In commentary submitted to the Copyright Office in preparation of its report, stakeholders, such as RIAA and the American Association of Independent Music (A2IM), foretold increased anxiety for both copyright holders and users if new legislation was passed.¹⁶⁰ RIAA opined that decreased public availability of recordings would ensue due to vagueness concerning the interpretation of sections 107 and 108 of the 1976 Act.¹⁶¹ Largely, the opposition to amending the 1976 Act came in terms of economic harm and upset of business expectations.¹⁶²

B. The Common Law Solution

One interesting solution to the challenge is to use unfair competition and misappropriation law to protect the right holders of pre-1972 sound recordings.¹⁶³ In his article, The Case for Common Law Protection, Christopher Norton suggests using International News Service v. Associated Press¹⁶⁴ as a guideline to creating a common law approach to managing the problem.¹⁶⁵ Although

¹⁵⁹ H.R. 1914, 115th Cong. (2017). This act would “amend federal copyright law to provide copyright owners the exclusive right to prohibit performance of a sound recording publicly by a broadcast transmission of a terrestrial AM/FM radio station.”
¹⁶⁰ Copyright Report, supra note 36, at 87.
¹⁶¹ Id. at 88.
¹⁶² Id. at 87.
¹⁶³ Norton, supra note 41, at 779.
¹⁶⁵ See Norton, supra note 41, at 779.

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Norton recognizes that *Erie Railroad Co. v. Tompkins*, which wiped out much of federal common law, rendered *International News Service* moot, he views it as “massively influential on state common law well beyond *Erie.*”\(^{166}\) Norton analogizes the conduct of SiriusXM and Pandora to that of the defendants in *International News Service* and finds that they have also profited unfairly at the cost of the authors/owners.\(^{167}\) He points out that this type of conduct is at the heart of the doctrine of unfair competition and misappropriation and that the doctrine remains robust and flexible enough to provide a remedy in the present situation.\(^{168}\)

Norton continues his analysis examining post-1972 piracy and unauthorized broadcast jurisdiction.\(^{169}\) He examines the three-factor test laid out in *Capitol Records, LLC v. BlueBeat, Inc.*\(^{170}\) and points out the court’s reliance on the California Business and Professions Code, instead of section 980(a)(2) of the California Civil Code, to include any “unlawful, unfair or fraudulent business act or practice.”\(^{171}\)

Norton concludes that the answer is to look at a liability regime rather than a property regime to solve the issue of rights on pre-1972 sound recordings, pointing out that state courts apply the doctrines of misappropriation and unfair competition more consistently than state law copyright.\(^{172}\) He also points out that the Copyright Office Report outlines how courts in different jurisdictions have applied unfair competition and misappropriation doctrines

\(^{166}\) Norton, supra note 41 at 779.

\(^{167}\) Id.

\(^{168}\) Id.

\(^{169}\) Id. at 780.


\(^{172}\) Id. at 781.
to protect rights in pre-1972 sound recordings without relying on copyright law.\textsuperscript{173}

Norton’s proposal is novel and well thought out, but it does have its drawbacks. In its report, the Copyright Office examined a proposal on the possibility of state law protection for pre-1972 sound recordings similar to Norton’s proposal.\textsuperscript{174} The Copyright Office opined that while most states’ common law torts may provide protections for sound recordings, the claims allowed under state law may be more circumscribed than those brought under federal copyright law, especially in jurisdictions that continue to require “competition or passing off as part of the tort”.\textsuperscript{175} In addition, “unfair competition cases require commercial harm to the right holder and/or benefit to the user limiting possible claims, as the value of most sound recordings diminishes over time.”\textsuperscript{176} The Copyright Office report concluded that protection under state law is largely inconsistent, sometimes unclear, and often challenging to distinguish.\textsuperscript{177} The report also points out that many activities carried out with pre-1972 sound recordings are either not profit-based or lack commercial impact, thus negating liability for the user.\textsuperscript{178}

V. CONCLUSION

The common law solution proposed by Norton in his article is elegantly simple, workable, and theoretically achievable. It offers all the benefit of using a settled set of doctrines in the common law that have commonality across jurisdictions. As an added bonus, it is not a completely

\textsuperscript{173} Id. (citing Copyright Report, supra note 36, at 35).
\textsuperscript{174} Copyright Report, supra note 36 at 47–49.
\textsuperscript{175} Id. at 47.
\textsuperscript{176} Id.
\textsuperscript{177} Id.
\textsuperscript{178} Id. at 48.
\textsuperscript{180} Id.
alien proposition to deal with intellectual property issues in the realm of misappropriation and unfair competition. Norton points to examples in his article that show how this blending of apparently disparate topics have been applied to solve issues in intellectual property before. Moving down the path of protecting pre-1972 sound recordings by way of the common law would avoid what could be long delays in revising the statute and provide equitable solutions to creators and right holders sooner rather than later.

However, several major hurdles would have to be overcome before a common law solution would be feasible. First, there is a long established juridical history over 300 years old reaching back to before the Statute of Anne of 1710 dealing with intellectual property under the property regime rather than in a torts liability regime. To shift the paradigm from property to liability would require a juridical culture change not only across the nation but also globally. There are indications on the record that the paradigm is not ready to shift. Of the three instances in which Flo & Eddie, Inc. sued SiriusXM, the only time Flo & Eddie, Inc. was victorious was on statutory grounds in California. The court in Florida granted summary judgment in favor of SiriusXM, reasoning that if they adopted Flo & Eddie, Inc.’s position the Court “would be creating a new property right in Florida as opposed to interpreting the law.”

In this case, the Court clearly felt that its role is to interpret the law, not to create new causes of action, and they stated as much. In New York, after a victory at the district level where the Court felt that New York common law supported Flo & Eddie, Inc.’s argument,

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179 Flo & Eddie, 2015 LEXIS 80535 at *13.
180 Id. (‘‘... it is not the Court’s place to expand Florida common law by creating new causes of action. Federal courts are entrusted to apply state law, not make it.’’ (quoting Zombori v. Digital Equipment Corp., 878 F.Supp. 207, 209–210 (N.D. Fla. 1995)).
a quick reversal followed on appeal. The Court of Appeals reasoned that “New York’s common-law copyright has never recognized a right of public performance for pre-1972 sound recordings” and that the consequences of recognizing such a right at this stage would be “extensive and far-reaching with many competing interests at stake that the courts are not equipped to address.” The courts in Florida and New York did not have to look at the issue under a new regime, just to examine the possibility of the existence of the right within the current property regime. In both cases they declined, given the conservative nature of courts, it would be highly unlikely that they would have even considered shifting the paradigm had they been asked to look at the issue under a liability regime. The New York Court showed clearly what could be expected: “(t)he common law, of course, evolves slowly and incrementally, eschewing sudden or sweeping changes.”

Although possibly a long drawn out process, taking into consideration that the revision of the Act of 1909, which culminated in the Act of 1976 took over twenty years the best course of action to obtain protection for pre-1972 sound recordings is a revision of the present Act. Recent developments show that members of Congress have taken up the call and have begun the process of initiating a revision. Clearly, the support of 21 members of the House does not mean a change in the law, but the California victory for Flo & Eddie, Inc. and the continued legislative efforts for a revision of the Act on the topic of

181 Flo & Eddie, Inc., 28 N.Y.3d at 605–06.
182 Id. at 594 (citing Norcon Power Partners v Niagara Mohawk Power Corp., 92 N.Y.2d 458, 467–68, (1998)).
184 See e.g. H.R. 4772; H.R. 1733; H.R. 1836.
federal rights for pre-1972 sound recordings indicate a certain level of traction and possible change.

The re-introduction of the last iteration of the Fair Play Fair Pay Act\(^{185}\) and a continued effort to make that bill law would solve the problem. However, there are a series of points that would need to be included in a successful revision to solve the issue of rights for pre-1972 sound recordings. First, all of rights and limitations of the present Act applicable to post-1972 sound recordings should apply to pre-1972 sound recordings. Those rights and limitations would include equality of treatment under § 106(6), public performance right for digital audio transmissions; § 107, fair use; § 108, reproduction and distribution by libraries and archives; § 110, exemption for certain performances and displays; § 111, statutory license for cable retransmissions of primary transmissions; § 112, ephemeral recordings by broadcasters and transmitting organizations; § 114, statutory license for certain transmissions and exemptions for certain other transmissions; § 512, safe harbor for online service providers; Chapter 10, digital audio recording devices and Chapter 12, copyright protection and management systems. Additionally, it must be clear that legislative intent is to preclude future changes made by Congress to differentiate between pre- and post-1972 sound recordings.

The term of protection for sound recordings fixed prior to February 15, 1972, should be 95 years from publication as “publication” is defined in § 101, or, if the work was not published prior to federal protection, 120 years from fixation. In no case should protection continue past the present statutorily-set limitation date of February 15, 2067.\(^{186}\)

\(^{185}\) H.R. 1836.
\(^{186}\) For a more complete solution beyond this basic proposal, See Copyright Report, supra note 36, at 175–78.
With federalization of the right of pre-1972 sound recordings, the present disparity in the Act can be addressed. This legislative adjustment could take years to accomplish, but workable solutions have already been offered in the House of Representatives, and if those parties pushing reform can maintain the momentum of recent years, federalization could become an accomplishable goal.