The Story So Far: Recap and update on Flo & Eddie

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The purpose of the Copyright & Fair Use column is to keep readers informed on copyright as it affects the preservation and availability of historic recordings. We welcome your questions regarding copyright, and will endeavor to address them in these pages (we cannot, however, offer private legal advice). Comments and short articles describing your own experiences with copyright are also welcome. Please send submissions to Tim Brooks, Chair, ARSC Copyright & Fair Use Committee at tim@timbrooks.net. Opinions given here are those of the contributors. For general information visit the Committee's web page at www.arsc-audio.org and the site maintained by the Historical Recording Coalition for Access and Preservation, of which ARSC is a member (www.recordingcopyright.org).

ARSC's Copyright and Fair Use Committee has been working diligently on members’ behalf to make sure that the needs of archivists, preservationists, scholars and collectors are protected in the current drive to reshape US copyright law. At the moment the action has moved from Congress to the courts. Committee member Eric Harbeson brings us up to date on the highly important Flo & Eddie case.

*The Story So Far: Recap and Update on Flo & Eddie*

By Eric Harbeson

The ongoing litigation by Flo & Eddie against SiriusXM and Pandora has seen several interesting developments in the last six months. The case is the most significant to date to take up the challenge of recordings made before 1972 in the modern copyright era. ARSC has for many years taken a strong position on reforming the laws surrounding pre-1972 sound recordings, and so has been watching this case closely. This comment will review the background of the case, including ARSC’s position, and then discuss where things stand in each of the three jurisdictions.

**Background**

The litigation primarily concerns protection of public performances of pre-1972 sound recordings under the common law. Mark Volman and Howard Kaylan were founding members of the group the Turtles, who released their smash hit “Happy Together,” in 1967. The song was number one on the Billboard charts for three weeks in the United
States, and was also successful on the UK charts. The song was written by Alan Gordon and Garry Bonner, who retained the rights to the song. Volman and Kaylan secured the rights to the recording of their performance under their stage name, Flo & Eddie.

Sound recordings received federal copyright protection in 1972.1 Recordings fixed before that date – before February 15 of that year – were unprotected by federal laws. The gap in protection was filled by the states, each of which protected sound recordings, along with unpublished works, under a combination of criminal statutes and common law civil remedies. When Congress passed the 1976 Copyright Act, which took effect in 1978, unpublished works were brought under the umbrella of federal copyright, but sound recordings were not, leaving the latter as the last vestige of state-level copyright jurisdiction.²

Under the 1976 Copyright Act, sound recordings were protected as copyrightable works in their own right, apart from any copyrightable works contained therein. However, the manner of their protection differs somewhat from other copyrightable works. The new act gave authors five exclusive rights over their works: reproducing the work, making derivatives of the work, distributing the work, publicly displaying the work, and publicly performing the work. However, Congress specifically excluded sound recordings from the public display and performance rights. This meant that, for example, radio stations broadcasting copyrighted sound recordings were required to license public performances for any musical works they broadcast, but not for the sound recordings of those works.

In 1995, Congress passed the Digital Rights in Sound Recordings Act (DPRSA).³ The law for the first time added an exclusive right to public performance of copyrighted sound recordings, but was limited to public performances of sound recordings through “digital audio transmissions,” defined as transmissions that, in whole or in part, are in a digital or “non-analog” format. Under the new law, a radio station has a new licensing obligation: they may still broadcast copyrighted sound recordings royalty free over AM/FM waves (“terrestrial broadcasts”), but must pay royalties for transmission through any parallel online streaming services. However, because pre-1972 sound recordings still do not fall under federal law, the DPRSA had no effect on those recordings.

Protection for public performances of sound recordings is non-existent in state statutes. Written law in every state except California involves criminal infringement only, and generally only concerns reproduction and distribution of sound recordings⁴. California adds civil statutes but those do not contain an explicit performance protection. Courts have discussed the intellectual rights in pre-1972 recordings, but have never recognized a public performance right.

Additionally, it is unclear when, and how, sound recordings are considered “published,” and to what extent a recording’s having been published before 1972 divests it of any common law rights. Prior to 1978, when a work was published it lost common law protection from the states, and immediately entered the public domain unless it was published with a copyright notice.⁵ Whether pre-1972 sound recordings can be considered published or not does not affect protection of the recordings under any written state laws, but will affect the availability of common law copyrights, including any potential public performance right.⁶

SiriusXM, along with other digital transmission services, regularly streams music of the Turtles, including “Happy Together.” Flo & Eddie do not own rights in the musical work – the song itself – but they do own rights to the sound recordings of their per-
formances. Because the recordings at issue were made before 1972, they do not benefit from the added federal protection of the DPRSA. Seeking to profit from digital performances of their work, Flo & Eddie sued SiriusXM (and others) for, among other things, infringement of their public performance rights under the laws of three states: California, New York, and Florida.

ARSC has, for many years, taken the position that pre-1972 sound recordings should be controlled by federal law, with the same terms, exceptions, penalties, and rights. ARSC’s position is that the current patchwork of state copyright laws inhibits research on, and preservation of, sound recordings, by creating obscurity and inconsistency in the law.

There are several reasons for ARSC’s position. Most states do not apply term limits to their protection of sound recordings. Pre-1972 recordings become a part of federal law in 2067, which means both that there is essentially no public domain for sound recordings, and that recordings will in some cases remain protected more than a century longer than they would have been under federal law.7 The lack of explicit protections for fair use and other exemptions under federal law, combined with what amounts to a perpetual copyright, puts preservation and access activities commonly undertaken with non-recorded media on shakier ground with respect to sound recordings. Many of the impacts this uncertainty has on recorded sound research and preservation are detailed in the National Recording Preservation Plan (NRPP), a 2012 report by the Library of Congress and the National Recording Preservation Board.8

The United States Copyright Office conducted an extensive study of pre-1972 sound recordings in 2011, and recommended bringing those recordings under federal law. The report made recommendations on how to balance the interests of sound recording right holders and the interests of the recordings’ stewards and scholars, can be balanced. The NRPP made further recommendations.

ARSC has taken the position that Congress is the only body that can achieve a balance in the resolution of the problem of pre-1972 sound recordings, and so the courts should avoid interfering in that process. ARSC’s position is that Flo & Eddie are asking the courts to relieve the right holder’s problem — of not being able to claim public performance rights in their works — without addressing the concurrent needs of scholars and curators, thereby removing pressure on Congress to fix the problem in a comprehensive and constructive manner that balances all parties’ needs. Furthermore, though Flo & Eddie’s request for recognition of public performance rights focuses on digital transmission services such as Pandora and SiriusXM, the scope of a performance right at common law would potentially be considerably broader, applying to terrestrial broadcasts, classroom performances, and even potentially some private performances. ARSC has made these and other arguments in amicus briefs filed in cases in all three states where Flo & Eddie sued.

Following is a summary of the status of, and recent developments in those cases, highlighting some of their differences and similarities.

**California**

Flo & Eddie brought two lawsuits in California, the first against SiriusXM, and the second against Pandora. The trial court in the Sirius case ruled in favor of Flo & Eddie and ruled that there was, in fact, a public performance right in California. Prior to a hearing on their appeal, Flo & Eddie and Sirius came to an agreement on a settlement,
the terms of which preserve Sirius’ right to appeal both the district court’s public perfor-
manace ruling, as well as to appeal judgments in other states.

Pandora temporarily halted trial on their lawsuit by moving to dismiss the suit under California’s Anti-SLAPP9 statute, which is designed to reduce malicious lawsuits against protected speech. The District Court found that Pandora met its initial burden of showing that their use was protected speech under the statute, but that Flo & Eddie had shown that they were likely to prevail based on California’s recognition of a public performance right, and so dismissed the motion.

Pandora appealed the district court’s ruling to the Ninth Circuit Court of Appeals. ARSC filed an amicus brief with the court, arguing that the district court incorrectly found that California had a public performance right, and that doing so would hamper legislative discussion on what to do with pre-1972 sound recordings.10 The court heard oral argument on December 8, 2016. A ruling against Pandora will send the case back to the District Court, which will resume trying the case where they left off. A ruling for Pandora will effectively end the case, and under the Anti-SLAPP statute also possibly entail penalties for Flo & Eddie. The court may also elect to certify questions to the state supreme court, to resolve questions under California law.

New York
In New York, Flo & Eddie sued only Sirius, alleging both common law copyright infringe-
ment and unfair competition through both the public performances of their works and in the reproduction of the recordings used to facilitate the broadcasts. Sirius responded, arguing that the state has never recognized the existence of a public performance right, and as such their broadcasts are legal. On the reproductions used for purposes of broad-
casting, Sirius argued that those were permissible as fair uses.

The district court ruled in favor of Flo & Eddie on both counts, and Sirius appealed the decision. On appeal, the Second Circuit Court of Appeals noted that the crucial question – whether or not New York recognizes a common law right of public performance – had not yet been resolved in that state, and certified the question to New York's highest court for an answer.11 The New York court responded with an answer that New York does not recognize an exclusive right to public performance within their statutes or common law.12

The New York Court's response effectively ended Flo & Eddie’s case in New York. The Second Circuit held in its first hearing that the permissibility of the public perfor-
manaces under New York law would “be determinative of [Flo & Eddie’s] copying claims, ...
and that] Similarly, [their] unfair competition claim depends on the resolution of the certified question.” Accordingly, having received their answer from the New York court, the Second Circuit ruled that the performances and the reproductions were both permissible. On February 16, 2017, the court sent the case back to the district court with instructions to dismiss the case altogether. As of this writing, Flo & Eddie have not appealed their decision; absent an appeal, their case in New York has been resolved in favor of Sirius.

A largely unheralded aspect of the Second Circuit’s ruling is that this appears to be the first time a federal court has ruled on a question of fair use with respect to a work not subject to federal law. A New York court earlier found a common law fair use doc-
trine that follows the parameters of its federal counterpart,13 but as it was only a trial court ruling it provided only limited precedential value. Here, state-level fair use was
found, with little fanfare, by a federal court. Many, including the Library Copyright Alliance, have argued for many years that fair use, being an essential First Amendment protection, must exist at the state level as well. The Supreme Court has implied this, but the notion appears not to have been applied to pre-1972 sound recordings until now. It remains to be seen whether this case will be useful in establishing a precedent, but if not overturned it is potentially a very positive step in the direction of solidifying fair use at the state level.

Florida
The Florida litigation bears several similarities to that in New York. As in New York, Flo & Eddie sued only Sirius, charging them with infringement through both their broadcast of the recordings and their internal buffer/cache copies used to support the broadcast. They also brought charges of unfair completion, as they did in New York. In Florida, Flo & Eddie added charges of conversion, and civil theft under a state property theft law. The district court ruled in Sirius' favor on all charges, determining that there was not a public performance right in Florida, and that all the other complaints were dependent on that finding.

Flo & Eddie appealed to the Eleventh Circuit. ARSC filed an amicus brief in the appeal on behalf of Sirius. That Court heard oral argument on May 20, 2016, and, as in New York, found unresolved matters of state law, and so certified questions to the state Supreme Court. However, where the Second Circuit determined that the only salient question was that of a common-law public performance right, the Eleventh Circuit found several questions needing to be resolved. The Court requested determinations, first on whether there is in fact a common-law copyright in sound recordings at all, and then, if so, to what extent are those rights divested through publication of the sound recordings, and whether those laws support Flo & Eddie's complaints. As of this writing, the case is before the Florida Supreme Court, and oral argument is scheduled for April 6, 2017.

Conclusion
Sirius now seems to be in a very strong position. In California and Florida, the outstanding litigation is likely to be influenced by the results in the Second Circuit, due to its historically highly influential role in interpreting copyright. The Ninth and Eleventh circuits may disagree, but they are almost certain at least to consider the New York ruling. Having prevailed in New York, royalty payments under the settlement in California are put on hold.

ARSC continues to follow this litigation very closely, and will continue to contribute when and if it becomes necessary. But at this point, from the point of view of SiriusXM and Pandora, and of ARSC’s established position on pre-1972 sound recordings, the developments so far have provided very good news.

Endnotes
2. The U.S. Copyright Office only applies the term “copyright” to works protected under federal laws, but courts and state statutes routinely refer to pre-1972 recordings as
having a state copyright. For clarity here, I follow the Copyright Office’s distinction, referring to sound recordings that fall under federal law as “copyrighted” sound recordings, and those that fall under state law as “pre-1972” sound recordings.


4. Indiana and Vermont have no written laws specifically addressing pre-1972 sound recordings. C.f.: https://www.copyright.gov/docs/sound/20110705_state_law_texts.pdf

5. See: Copyright Term and the Public Domain: http://copyright.cornell.edu/resources/public-domain.cfm


7. Some states do apply term limits to sound recordings – Colorado, for example, limits protection to 56 years. I know of no cases that test these term limits in out-of-state courts, but it is at least possible that an out-of-state court may exercise jurisdiction over a defendant in one of these states if she made reproductions of a recording available out-of-state, through internet access or otherwise. See for example, Penguin Group v. American Buddah, 640 F.3d 497 (2d Cir., 2011)

8. https://www.loc.gov/programs/static/national-recording-preservation-plan/publications-


11. ARSC filed an amicus brief supporting Sirius in their hearing before the New York Court of Appeals.


13. EMI v. Premise Media (Supreme Court of New York, New York County, index no. 601209/2008). To date, New York appears to be the only state that has recognized a common-law fair use doctrine at the state level.

14. The final ruling, in dismissing the copying and unfair competition claims, cited their original holding, the quoted text of which appeared in passing in a footnote.

15. C.f. Federal Copyright Protection for Pre-1972 Sound Recordings, a study by the United States Copyright Office: Reply comments of the Association of Research Libraries and the American Library Association, Doc. 2010-4, p. 7. “The Supreme Court has said fair use is one of the necessary balancing features that prevent copyright from running afoul of the First Amendment; without protection for criticism, commentary, and a host of educational and research uses, the copyright monopoly would be an unconstitutional burden on free expression. Since the First Amendment also applies to the states, there could be serious constitutional implications for a state copyright regime
that did not recognize fair use.” https://www.copyright.gov/docs/sound/comments/reply/041211-arl-ala-reply-comments.pdf


17. Many thanks to our pro bono legal team, Joseph Wetzel, Ethan Davis, and Katy Merk, of King & Spalding, LLC.