No. SC16-1161

IN THE SUPREME COURT OF FLORIDA

Flo & Eddie, Inc., etc.,

Appellant,

v.

Sirius XM Radio Inc., etc.

Appellee.

On Certified Questions from the United States Court of Appeals
for the Eleventh Circuit, Case No. 15-13100

BRIEF OF SIRIUS XM RADIO INC.

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INTRODUCTION

Plaintiff Flo & Eddie, Inc., is a corporation that claims to own certain pre-1972 recordings of songs by a musical group known as The Turtles. Defendant Sirius XM Radio Inc. ("Sirius XM") is a satellite radio broadcaster that—like AM/FM radio broadcasters, club DJs, sports arenas, and others for many decades—has publicly performed (*i.e.*, played) tens of thousands of legally acquired recordings, including recordings plaintiff claims to own. Sirius XM, like others who perform music for the public, has always paid royalties to owners of musical compositions, because the federal Copyright Act grants composers the right to receive compensation for public performances of their songs. But Sirius XM, like others who perform music for the public, has never paid royalties to purported owners of sound recordings fixed prior to February 15, 1972 ("pre-1972 recordings"), because no law—federal or state—gives those owners the right to control or demand payment for public performances of their recordings. Recording owners receive compensation mainly from selling copies of their records. Since the dawn of the recording industry, pre-1972 recordings have been freely and widely performed without restriction.

Plaintiff now seeks to upend that long-standing consensus. Plaintiff asserts that even though its pre-1972 recordings have been sold to the public without apparent restriction for decades, plaintiff has maintained a common law copyright

in the recordings that allows plaintiff to control all performances of those lawfully purchased recordings. That contention fundamentally misunderstands the nature of common law copyright generally, and this State's common law in particular. Under settled Florida law, the author of a creative work has common law rights in the work *only so long as it remains unpublished*—common law rights in a creative work expire upon its distribution to the general public. That rule defeats plaintiff's claims: because Florida law does not recognize any common law rights in a work distributed to the public, plaintiff has no common law right to control the performance of pre-1972 records sold to the general public long ago.

To reject plaintiff's claims, however, this Court need not hold that publication divests *all* common law rights. In particular, plaintiff cites precedents from other states reading into their common law a right to control the post-sale *copying and resale* of pre-1972 records. But as those very precedents make clear, such an "anti-piracy" right can exist without mandating a separate right to control post-sale *performances* of records. The anti-piracy right is a narrow exception to the traditional American (and Florida) rule that public sale of a work divests common law rights in the work, based on the theory that records are not sold to be *copied*—they are sold to be *performed*. But for precisely that reason, there is no basis for also exempting the right to control performance from the traditional rule that public sale divests common law rights. Indeed, anti-piracy rights have existed

for decades comfortably alongside a completely uniform consensus among commentators, authorities, and industry stakeholders that record companies and other sound recording owners have no right to control the performance of records they sell to the public. Most prominent among these stakeholders were the record companies themselves, who vigorously lobbied for a new federal performance right specifically because no such right existed under state common law. As the record companies then understood, only a legislature can implement the kind of balanced regulatory mechanism that would be required to recognize a performance right in pre-1972 recordings.

The remaining questions presented are easily answered. The buffer and cache copies necessary to facilitate Sirius XM's broadcasts—which are temporary, fragmentary, and never accessible to the public—are not actionable and are in any event protected by the doctrine of fair use. And plaintiff's unfair competition, conversion, and civil theft claims likewise fail (among other reasons) because plaintiff has no protectable property interest in performances of its recordings.

This Court should hold that plaintiff has no claim under Florida law.

STATEMENT OF THE CASE AND FACTS

A sound recording is the fixation of a particular performance of a song. Since the inception of the record and broadcast industries in the first half of the twentieth century, sound recordings—including the pre-1972 recordings plaintiff

claims to own—have been sold to the public and freely played on the radio without restriction or objection. In 2013, plaintiff filed lawsuits in California, New York, and Florida, claiming for the first time an absolute right to control all performances of its pre-1972 recordings by anyone, anywhere.[1] In this action, plaintiff alleged that Sirius XM infringed its Florida common law copyright by playing plaintiff's records on air—*i.e.*, broadcasting them on its satellite and internet radio services—and by making temporary buffer and cache copies to facilitate those performances. Doc. 36 ¶¶ 34-42.[2] Plaintiff also asserted claims for unfair competition, conversion, and civil theft based on the same conduct. *Id.* ¶¶ 43-69.

Plaintiff's suit was brought under Florida common law, rather than federal copyright law, because it involves sound recordings created before February 15,

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[1] In the California case, the district court held that California Civil Code § 980(a) grants a performance right to pre-1972 recording owners. 2014 WL 4725382, at *9 (C.D. Cal. Sept. 22, 2014). That issue is currently on appeal before the Ninth Circuit in a parallel case. *Flo & Eddie, Inc. v. Pandora Media, Inc.*, No. 15-55287 (9th Cir.).

In the New York case, the district court held that New York common law provides a post-sale performance right in pre-1972 recordings, though the court recognized that this was a "thorn[y] question … of first impression" and certified its ruling for interlocutory appeal. 62 F. Supp. 3d 325, 339 (S.D.N.Y. 2014); *see* 2015 WL 585641, at *2-3 (S.D.N.Y. Feb. 10, 2015). The Second Circuit accepted the appeal and certified to the New York Court of Appeals the question whether there is "a right of public performance for creators of sound recordings under New York law." 821 F.3d 265, 272 (2d Cir. 2016). The case remains pending in the New York Court of Appeals.

[2] "Doc. __" citations refer to docket entries in the U.S. District Court for the Southern District of Florida, No. 1:13-cv-23182.

1972. Unlike musical *compositions—i.e.*, the song's notes and lyrics—which are protected by the federal Copyright Act, 17 U.S.C. § 102(a)(2), sound *recordings* are governed by a hybrid copyright regime. Recordings fixed on or after February 15, 1972, are governed exclusively by the Copyright Act, *id.* § 102(a)(7), while pre-1972 recordings are generally covered by state law, *id.* § 301(c).[3]

The central question in this case is whether Florida common law affords the owner of a pre-1972 recording a right to control the performance of that record after it is sold to the public. Answering that question requires understanding the history of copyright protection for sound recordings, under both state statutory and common law and the federal Copyright Act.

A. Background Of Common Law Copyright

Common law copyright was originally understood by English courts to give the author of a creative work the right to control its reproduction in "perpetuity," even after the work was sold to the general public. *Capitol Records, Inc. v. Naxos of Am., Inc.*, 830 N.E.2d 250, 254-56 (N.Y. 2005).

The early American common law of copyright rejected that view. In the "landmark" decision of *Wheaton v. Peters*, 33 U.S. 591 (1834), the Supreme Court "established the American view that publication *ipso facto* divested an author of

[3] State protection for pre-1972 recordings extends through February 2067, when the Copyright Act will preempt any state-law rights. 17 U.S.C. § 301(c).

common law copyright protection." 1 Melville B. Nimmer & David Nimmer, NIMMER ON COPYRIGHT ("Nimmer I") § 4.02[a][3] (rev. ed. 2016). In *Wheaton*, the Court held that while an author has a property interest in an *unpublished* manuscript that can be invoked to prevent its unauthorized publication, the common law does *not* grant an author "a perpetual and exclusive property in the future publication of the work, after the author shall have published it to the world." *Wheaton*, 33 U.S. at 657. Only by statute could an author maintain any property interest in his work after its publication. *Id.*

A dissenting opinion in *Wheaton* disagreed, though without endorsing the categorical English approach. The *Wheaton* dissent argued that common law rights *might* survive publication, depending on "[t]he nature of the property, and the general purposes for which it is published and sold." 33 U.S. at 674 (Thompson, J., dissenting). Because a written work is normally sold for the "instruction, information or entertainment to be derived from it," and "*not* for republication of the work," the dissent reasoned that the right to control republication should survive the sale. *Id.* at 674-75 (emphasis added).

The disagreement in *Wheaton* reflected a practical dispute about how to balance the competing interests involved in recognizing a common law copyright. Unlike statutory copyright, which *must* be of limited duration, *see* U.S. Const. art. I, § 8, cl. 8, and can be limited in other ways by legislative mandate, a common

law copyright—when recognized—is perpetual and absolute (subject to quasi-constitutional limitations such as fair use). *See Eldred v. Ashcroft*, 537 U.S. 186, 230 (2003) (Stevens, J., dissenting); Nimmer I, *supra*, § 4.04. Courts accordingly have exercised substantial caution in recognizing common law copyright to ensure a fair balance between "the interest of authors in the fruits of their labor" and "the interest of the public in ultimately claiming free access to the materials essential to the development of society." Nimmer I, *supra*, § 4.04. Courts have likewise understood that protecting copyright interests beyond the narrow scope traditionally recognized at common law can be done only by a legislature institutionally equipped to balance all competing interests. The *Wheaton* majority opinion exemplified this cautious approach, holding that common law rights cease upon "publication," after which the author is "required to look to the federal [copyright] statute for the limited form of monopoly there available." *Id.* The dissent's approach was different but still balanced, reflecting the narrow principle that because books are not sold to be copied, the sale of a book does not confer on the public any legitimate interest in copying the book.

Florida has long followed the American rule—reflected in the *Wheaton* majority opinion—that the entire "umbrella of protection afforded by a common law copyright folds up and vanishes when the owner of the product 'publishes' it, or in some manner dedicates it to the public." *Kisling v. Rothschild*, 388 So. 2d

1310, 1312 (Fla. 5th DCA 1980).

B. History Of Common Law And Statutory Copyright Protection For Sound Recordings

1. Federal and state copyright law originally developed in reference to written works. But by 1906, the recording industry began to "urge[] Congress to grant federal copyright protection to sound recordings." U.S. Copyright Office, FEDERAL COPYRIGHT PROTECTION FOR PRE-1972 SOUND RECORDINGS: A REPORT OF THE REGISTER OF COPYRIGHTS 7-8 (2011) ("2011 Report").

The effort to obtain federal statutory protection suffered a setback in 1908, when the Supreme Court suggested in *White-Smith Music Publishing Co. v Apollo Co.*, 209 U.S. 1 (1908), that sound recordings "could not be 'published' (i.e., read by a person)" for purposes of federal copyright law. *Naxos*, 830 N.E.2d at 258. Apparently accepting that premise, Congress did not include any protection for sound recordings when it enacted the Copyright Act of 1909. *Id.*

The 1909 Act, however, did preserve the ability of states to protect unpublished works. *Id.* There was accordingly "nothing to prevent the states from guaranteeing copyright protection" to sound recordings, whether by common law or statute. *Id.* But specifically because state law generally did *not* protect sound recordings, recording industry efforts to secure federal protection persisted for decades, with Congress expressly rejecting further proposals to extend copyright protection to sound recordings at least 13 times between 1925 and 1951. *See*

Performance Rights in Sound Recordings: Subcomm. on Courts, Civ. Liberties, & the Admin. of Justice of the H. Comm. on the Judiciary, 95th Cong. 29-37 (Comm. Print 1978) ("1978 Report").

Over time, however, technological advancements made it easier to copy sound recordings, eventually leading to "widespread" record piracy. *Naxos*, 830 N.E.2d at 260. In response, broad legislative support emerged for prohibiting the unauthorized reproduction of sound recordings. By the 1970s, many state legislatures had enacted anti-piracy statutes, *see id.*, and Congress ultimately enacted a federal anti-piracy law in 1971—the first time federal law extended *any* form of copyright protection to sound recordings. *See* 2011 Report at 10. The 1971 Act created "a limited copyright in sound recordings for the purpose of protecting against unauthorized duplication and piracy" for sound recordings fixed after February 15, 1972 (the Act's effective date). 1971 Sound Recording Act, Pub. L. No. 92-140, 85 Stat. 391 (1971).

Congress reaffirmed the new anti-piracy right when it revamped the Copyright Act in 1976. *See* 17 U.S.C. §§ 106, 114. The 1976 Act included a broad preemption provision, *id.* § 301(a), intended to "preempt and abolish any rights under the common law or statutes of a State that are equivalent to copyright and that extend to works coming within the scope of the Federal copyright law." H.R. Rep. No. 94-1476, 130 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5746.

But Congress excluded pre-1972 recordings from the scope of that preemption provision, leaving those recordings to be governed by state law until 2047 (later extended to 2067). 17 U.S.C. § 301(c). Congress chose that course because it "recognize[d] that, under recent court decisions, pre-1972 recordings are protected by State statute or common law," and without a specific carve-out for such recordings, the Act "could be read as abrogating" state law protections without providing any federal replacement. H.R. Rep. No. 94-1476, 133, 1976 U.S.C.C.A.N. at 5749. In the absence of federal protection (or preemption), "states provide protection for pre-1972 sound recordings through a patchwork of criminal laws, civil statutes and common law." 2011 Report at 20.

2. In contrast to the broad support for state and federal statutes creating anti-piracy rights, proposals to create "exclusive rights of public performance" were "explosively controversial," because they would have granted a windfall to recording owners—mainly record companies—at the expense of (i) composers and performing artists, since restrictions on post-sale performances would decrease the exposure of their songs and the consequent publishing royalties and publicity they receive, (ii) broadcasters, who would face increased costs, and (iii) consumers, who would suffer reduced access to music. SUPP. REGISTER'S REP. ON THE GENERAL REV. OF U.S. COPYRIGHT LAW 38 (Comm. Print 1965). Congress thus did not create a performance right when it established an anti-piracy right in 1971.

Nor did Congress include a performance right in the Copyright Act of 1976. To the contrary, while reaffirming the anti-piracy right and others, the 1976 Act stated "explicitly that the owner's rights 'do not include any right of performance.'" H.R. Rep. No. 94-1476, 106, 1976 U.S.C.C.A.N. at 5721. Congress did "consider[] at length the arguments in favor of establishing a limited performance right, in the form of a compulsory license, for copyrighted sound recordings," but rather than establish even a limited right, Congress "concluded that the problem require[d] further study," and directed the Register of Copyrights to submit a report on the matter in 1978. *Id.*

The resulting 1978 Report, which was nearly 1,000 pages long and included detailed historical, economic, policy, and domestic and international legal analyses, ultimately recommended that Congress enact a carefully limited right to control post-sale performances of sound recordings. *See generally* 1978 Report. Congress did not do so until nearly 20 years later, when it enacted the Digital Performance Right in Sound Recordings Act ("DPRA") in 1995. That statute created a new digital "performance" right for post-1972 recordings, strictly limited in multiple respects. Pub. L. No. 104-39 § 2(3), 109 Stat. 336 (1995). The DPRA includes:

- a carve-out for AM/FM radio;
- a compulsory licensing scheme;
- a rate-setting mechanism; and

• a mandate that recording owners transfer 50% of royalties to performers.

17 U.S.C. § 114. These regulatory devices balance the interests of recording owners with the royalty interests of composers and performing artists, the interests of broadcasters and others in performing music with minimal restrictions, and the interest of the public in widespread access to music.

3. Throughout the decades-long effort to persuade Congress to enact a federal performance right, there was one constant: the unanimous recognition by stakeholders, Congress, courts, and commentators that state common law did not already provide such a right.

The seminal judicial decision was Judge Learned Hand's opinion in *RCA Mfg. Co. v. Whiteman*, 114 F.2d 86 (2d Cir. 1940). In that case, a record company and orchestra director brought an infringement claim under New York common law against a radio network that had broadcast their records. The district court enjoined the broadcasts, but the Second Circuit reversed. The court addressed the question whether the performer or record company possessed "any musical property at common-law in the records" that was infringed when the records were played on the air. *Id.* at 87. The court surveyed the common law across the United States and found only one case—*Waring v. WDAS Broadcasting Station, Inc.*, 194 A. 631 (Pa. 1937)—that had ever recognized any right to control the post-sale performance of a sound recording, and then only because the records had been sold

with a label explicitly prohibiting public performances.

The *Whiteman* court rejected *Waring* and concluded that the radio performance of records did not infringe any protected property interest, because common law rights in a sound recording "consist[] *only* in the power to prevent others from *reproducing* the copyrighted work." 114 F.2d at 88 (emphasis added). By playing the plaintiffs' records over the air, the radio network "never invaded any such right"—indeed, it "never *copied* [Whiteman's] performances at all," but "merely *used* those copies which he and the [record company] made and distributed." *Id*. (emphasis added). For this and other reasons, the court held that the radio network was not liable for broadcasting the lawfully purchased records.

Although *Whiteman* was only predicting New York law, a nationwide consensus promptly developed that recording owners have no common law right to control performances of their records after their public sale. *See* Prof. Tyler Ochoa, *A Seismic Ruling on Pre-1972 Sound Recordings & State Copyright Law*, Technology & Marketing Blog (Oct. 1, 2014), http://blog.ericgoldman.org.[4]

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[4] *See also* Steven Seidenberg, *US Perspectives: Courts Recognise New Performers' Rights*, Intell. Prop. Watch (Nov. 24, 2014), http://www.ip-watch.org ("it has been settled since 1940 that there is no performance right in a sound recording" (quotation omitted)); Ralph Brown, Symposium, *The Semiconductor Chip Protection Act of 1984 and Its Lessons: Eligibility for Copyright Protection: A Search for Principled Standards*, 70 MINN. L. REV. 579, 585-86 (1986) (*Whiteman* "turned the tide against judges creating" a "common law performers' right"); Douglas Baird, *Common Law Intellectual Property & the Legacy of Int'l*

Accordingly, for the next seventy years, radio stations everywhere freely played records without control or approval by the record companies who sold them.

Those record companies openly recognized during this period that they had no common law right to control how and when radio stations and other broadcasters played records after their sale. As early as 1936, a record executive explained to Congress that "the law up to date has not granted" protection against radio stations' "indiscriminate use of phonograph records." *Revision of Copyright Laws: Hearings Before the H. Comm. on Patents*, 74th Cong. 622 (Comm. Print 1936). Thirty years later, Capitol Records similarly complained that record companies have "no clearly established legal remedy" allowing them to stop radio stations from playing lawfully purchased records, and thus record companies "receive[] nothing from the widespread performance-for-profit" of those records. *Copyright Law Revision: Hearings Before the Subcomm. on Patents, Trademarks & Copyrights of the Sen. Comm. on the Judiciary*, Part 2, 90th Cong. 496, 502 (1967). And in 1995, the Recording Industry Association of America—the record companies' principal trade group—advised Congress that "[u]nder existing law, record companies … have no rights to authorize or be compensated for the

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News Serv. v. Assoc. Press, 50 U. CHI. L. REV. 411, 419 n.35 (1983) (the common "law did not (and in fact still does not) give a performer the right to control radio broadcasts of his performances"); Lauren Kilgore, Note, *Guerrilla Radio: Has the Time Come for a Full Performance Right in Sound Recordings?*, 12 VAND. J. ENT. & TECH. L. 549, 559-60 (2010).

broadcast or other public performance of their works." *Digital Performance Right in Sound Recordings Act of 1995: Hearing on H.R. 1506 Before the Subcomm. on Courts & Intell. Prop. of the H. Comm. on the Judiciary*, 104th Cong. 31, 1995 WL 371088 (1995).

Government officials agreed. The Register of Copyrights observed in 1965 that a proposed bill "denying [recording owners] rights of public performance … reflect[ed] … the present state of thinking on this subject in the United States." *Copyright Law Revision: Hearings Before Subcomm. No. 3 of the H. Comm. on the Judiciary*, Part 3, 89th Cong. 1863 (Comm. Print 1965). When Congress declined to create a performance right in the 1976 Copyright Act, the Congressional Record confirmed that the statute "merely states what has been the law and the widely accepted fact for many years—namely, there is no compensable property right in sound recordings and no … performance royalty for broadcasters because they play records for profit." 120 Cong. Rec. 30,405 (1974). And in its comprehensive 2011 report concerning potential federal protection for pre-1972 recordings, the Register of Copyrights again observed that "state law does not appear to recognize a performance right in sound recordings." 2011 Report at 44-45.

Finally, before the district court decisions in the related New York and California cases, no court had "ever before recognized" that record companies have any right to prevent others from performing pre-1972 records after their sale—a

right that would subject "an enormous number of parties to unexpected liability." Gary Pulsinelli, *Happy Together? The Uneasy Coexistence of Federal and State Protection for Sound Recordings*, 82 TENN. L. REV. 167, 239 (2014).

4. Consistent with that consensus, Florida common law has never recognized a post-sale performance right in sound recordings, and the Legislature has rebuffed efforts to create such a right, even while establishing statutory protections against certain types of unauthorized copying.

In 1941, the Legislature enacted Fla. Stat. §§ 543.02 and 543.03, which explicitly prohibited any attempt to use the common law to restrict or collect royalties for the public performance of sound recordings after their sale. Section 543.02 provided that when a sound recording "is sold in commerce for use within this State, all asserted common law rights to further restrict or to collect royalties on the commercial use made of any such recorded performances by any person is hereby abrogated and expressly repealed," and "any asserted intangible rights shall be deemed to have passed to the purchaser upon the purchase of the chattel itself." Section 543.03 confirmed that while nothing in the Act "shall be deemed to deny the rights granted by any person by the United States Copyright laws," the Act did "abolish any common law rights attaching to phonograph records" after their sale.

The Legislature repealed §§ 543.02 and 543.03—along with nearly all of chapter 543—in 1977, on the view that it was no longer necessary because

"[o]wners of copyrights are now protected under the Federal Copyright Law." *See* Fla. H. Comm. on Commerce, HB 1780 (1977), Staff Report at 2 (Apr. 27, 1977). Given the Legislature's limited purpose—as well as the general recognition that there was no performance right under state common law, *see supra* at 12-16—the repeal bill passed without debate. *See* 40 Fla. Sen. Journal 856 (June 3, 1977).

One provision of chapter 543—Fla. Stat. § 543.041, later amended and renumbered § 540.11—survived the repeal. That provision made it "unlawful" to engage in unauthorized copying of pre-1972 recordings, Fla. Stat. § 540.11(2)(a)(1) & (2), while expressly exempting radio broadcasters from liability for making copies to facilitate their broadcasts, *id.* § 540.11(6)(a). The anti-piracy provision was retained because otherwise owners of rights in pre-1972 recordings would "not be protected" against piracy "under any law, state or federal." Fla. H. Comm. on Commerce, HB 1780, Staff Report, *supra*, at 2.

C. Decisions Below

1. Plaintiff brought suit in federal district court, contending that it possessed a right under Florida common law to control all post-sale performances of its sound recordings, and that incidental reproductions made by Sirius XM to facilitate its broadcasts also violated an alleged common law copyright against unauthorized duplication. The challenged reproductions consist only of temporary (and mostly fragmentary) copies retained briefly in what are commonly referred to as "buffers"

or "caches." *See* Doc. 79 ¶ 17. Those copies are constantly overwritten on a first-in, first-out basis, and none is accessible to users. *See id.* ¶¶ 30-33.

The district court granted Sirius XM summary judgment. *See Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 2015 WL 3852692 (S.D. Fla. June 22, 2015). The court held that Florida common law does not give owners of pre-1972 recordings an exclusive right of public performance and observed that "whether copyright protection for pre-1972 recordings should include the exclusive right to public performance is for the Florida legislature" to decide. *Id.* at *4-5. The court also held that Sirius XM's internal buffer and cache copies are lawful. *Id.* at *6.[5]

2. Plaintiff appealed to the U.S. Court of Appeals for the Eleventh Circuit, which certified four questions to this Court:

- Whether Florida 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?

- To the extent that Florida recognizes common law copyright in sound recordings, whether the sale and distribution of phonorecords to the public or the public performance thereof constitutes a "publication" for the purpose of divesting the common law copyright protections in sound recordings embedded in the phonorecord and, if so whether the divestment terminates

[5] On summary judgment, Sirius XM also argued that, even if there were a common law performance right, applying it to Sirius XM's nationally uniform broadcasts would violate the Commerce Clause. The district court held that that argument was moot, but stated that the court would reject the argument if forced to reach it. 2015 WL 3852692, at *6. Sirius XM appealed that ruling to the Eleventh Circuit, but that federal question was not certified to this Court. *See Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 827 F.3d 1016, 1026 n.8 (11th Cir. 2016).

either or both of the exclusive right of public performance and the exclusive right of reproduction?

- To the extent that Florida recognizes a common law copyright including a right of exclusive reproduction in sound recordings, whether Sirius's back-up or buffer copies infringe Flo & Eddie's common law copyright exclusive right of reproduction?

- To the extent that Florida does not recognize a common law copyright in sound recordings, or to the extent that such a copyright was terminated by publication, whether Flo & Eddie nevertheless has a cause of action for common law unfair competition / misappropriation, common law conversion, or statutory civil theft under Fla. Stat. § 772.11 and Fla. Stat. § 812.014?

Flo & Eddie, Inc. v. Sirius XM Radio, Inc., 827 F.3d 1016, 1025 (11th Cir. 2016).

This Court accepted the certified questions. *See* Fla. R. App. P. 9.150.

SUMMARY OF ARGUMENT

I. Florida law has long recognized that the author of a creative work has a common law copyright in the work *before* it is published. The important question here is what common law rights, if any, a sound recording owner retains *after* a work is distributed to the public.

A. Florida follows the American rule, under which the common law copyright in a creative work is relinquished when the work is distributed to the public. As applied to the sound recordings here, that rule defeats plaintiff's claim to a common law performance right, because that right was relinquished along with other common law rights when the recordings were sold to the public long ago.

B. To reject the specific right asserted here, however, this Court need not

decide whether public sale of a sound recording divests *all* common law rights in the recording. In particular, Florida law could recognize a right to control post-sale *copying* without recognizing a right to control post-sale *performance*. Courts in other states have recognized anti-piracy rights, but none of those courts has recognized post-sale performance rights. In fact, the very principles cited by other state courts to justify an anti-piracy right preclude granting recording owners the right to control whether and how their records are played after they are sold. The sharp distinction between these rights is why, even after states began recognizing anti-piracy rights through the common law and by statute, there has remained an unbroken consensus for many decades that recording owners cannot prevent record-purchasers (including broadcasters) from performing lawfully obtained records. The federal legislative experience on this issue demonstrates the complex interest-balancing required to properly articulate the scope of any sound recording performance right, which is a regulatory task suited for the Legislature, not for a court applying broad common law principles.

II. The buffer and cache copies created to facilitate Sirius XM's radio broadcasts are temporary, fragmentary, and inaccessible to the public. They do not infringe any common law right of exclusive reproduction, even assuming one exists. And those copies are in any event protected by the fair use doctrine.

III. Finally, plaintiff does not have any protectable interest in its pre-1972

recordings other than its limited common law copyright, and for that reason and others, plaintiff's unfair competition, conversion, and civil theft claims fail.

ARGUMENT

I. FLORIDA COMMON LAW DOES NOT GIVE SOUND RECORDING OWNERS A RIGHT TO CONTROL THE PERFORMANCE OF RECORDS AFTER THEIR PUBLIC SALE

This Court has long recognized that "an author at the common law has and owns a property right in his intellectual productions *prior to publication or dedication to the public*." *Glazer v. Hoffman*, 16 So. 2d 53, 55 (Fla. 1943) (emphasis added); *see Schleman v. Guar. Title Co.*, 15 So. 2d 754, 760 (Fla. 1943) ("an author has a common-law right of property in literary or intellectual productions, which entitles him to the use of the production before publication"). The owner of a pre-1972 sound recording accordingly has common law rights in the recording *before* it is publicly distributed. The key question here, however, is whether such rights persist *after* public distribution, and if so, *which* rights persist.

As a general matter, Florida courts have held that *all* common law copyrights are divested upon publication, and that any further protection must be provided by state or federal legislation. As applied to copyrights in sound recordings, that rule resolves this case, because all of the recordings at issue were sold to the public long ago.

But even if Florida law recognizes some post-sale common law rights—such

as a right to prevent unauthorized copying—that result would not compel recognition of the right plaintiff urges here. To the contrary, the very reasons other state courts have cited in recognizing a post-sale anti-piracy right *preclude* recognition of the post-sale performance right plaintiff asserts. For many decades, all relevant authorities and stakeholders—including commentators, federal officials, Congress, broadcasters, and record companies themselves—have recognized that even though sound recording owners may have rights to control the copying of their records after sale, they do *not* have the right to control the performance of those records. This Court thus can reject the post-sale performance right plaintiff asserts, while leaving for another day the distinct question whether Florida common law should recognize post-sale anti-piracy rights.

A. Under Florida Law, The Creator Of A Sound Recording Loses Any Common Law Copyright Protection In That Recording By Distributing It To The Public

Although Florida courts have long recognized common law property rights in unpublished works, *see supra* at 21, they have recognized for just as long that the "umbrella of protection afforded by a common law copyright folds up and vanishes when the owner of the product 'publishes' it, or in some manner dedicates it to the public." *Kisling*, 388 So. 2d at 1312; *see* 3 PATRY ON COPYRIGHT § 8:9 (2016) ("[T]here has never been a common-law right in published works."). That restriction is necessary to balance "the interest of authors in the fruits of their

labor" with the "interest of the public in ultimately claiming free access to the materials essential to the development of society"—unlike legislative copyright protections that can be limited to balance stakeholder interests, common law copyright, once recognized, is absolute and perpetual. Nimmer I, *supra*, § 4.04.

Plaintiff does not dispute the general rule that a common law copyright expires upon publication of the work. *See* Initial Brief By Flo & Eddie, Inc. ("Br.") 27. Plaintiff contends, however, that a pre-1972 sound recording is not "published" for purposes of that rule when the recording is broadly sold or distributed to the general public. That contention is incorrect.

1. Plaintiff first argues that "publication" exists *only* to mark the "handoff" from common law copyright protections to federal statutory protection, Br. 27, and thus "publication" occurs under state common law only if federal copyright protection has been triggered, Br. 32. Because pre-1972 recordings have "never been … afforded federal copyright protection," plaintiff says the sale of such recordings is not a "publication" that forfeits common law copyright. Br. 27.

This Court has already squarely rejected that argument, holding in *Glazer* that public distribution of a creative work surrenders its common law copyright *even where no federal protection is available*. In *Glazer*, the Court concluded that the plaintiff magician's magic trick had been "published" by widespread public performance, even though it was "not such a dramatic composition as to bring it

within the meaning of the [federal] copyright act." 16 So. 2d at 55-56. It is irrelevant that, as plaintiff asserts, some *other* type of magic trick might have been eligible for federal protection. Br. 36 n.14. What matters is that the trick in *Glazer* was *not* covered by federal copyright, and yet its public distribution divested its owner of all common law copyright protection. *Glazer*'s unambiguous holding defeats plaintiff's contention that a rights-divesting "publication" exists under Florida law only where federal copyright protection is triggered.

Plaintiff's argument is also contrary to the Supreme Court's decision in *Wheaton*, which held that common law copyright expired upon publication "before enactment of the 1790 Act," and thus "published works covered by the 1790 Act previously would have been in the public domain unless protected by state statute." *Golan v. Holder*, 132 S. Ct. 873, 886 n.21 (2012). *Wheaton* recognized, in other words, that the common law rule of surrender by publication pre-dated the existence of *any* federal copyright protection. Publication thus cannot depend on whether federal copyright protection exists.

2. Plaintiff next contends that in *Goldstein v. California*, 412 U.S. 546 (1973), the Supreme Court held that "the term 'publication' has no application" to sound recordings. Br. 27 n.13; *see* Br. 32. Plaintiff badly misreads the decision. In *Goldstein*, the petitioners had been convicted under a California criminal anti-piracy statute. 412 U.S. at 548. The petitioners challenged that conviction on

preemption grounds, arguing that "actions taken by Congress in establishing federal copyright protection preclude the States from granting similar protection to recordings of musical performances." *Id.* at 563. In rejecting petitioners' argument, the Court noted that they had "place[d] great stress on their belief that the records or tapes which they copied had been 'published.'" *Id.* at 570 n.28. But the Court explained that it had "no need to determine whether, *under state law*, these recordings had been published," because "*[f]or purposes of federal law*, 'publication' serves only as a term of art which defines the legal relationships which Congress has adopted under the federal copyright statutes." *Id.*

Goldstein thus merely holds that because pre-1972 recordings "were not the subject of statutory copyright," publication "does not, *insofar as federal policy is concerned*, divest common law copyright therein." Nimmer I, *supra*, § 4.02[A][3] n.23 (emphasis added). But the Court did "not attempt to define the extent of substantive rights under common law copyright, concluding only that the states may (if they so elect) protect such works under common law copyright after publication without being subject to federal pre-emption." *Id.*; *see* 2011 Report at 31 n.129 ("*Goldstein* … indicat[ed] that states were free to define publication as they wished for state law purposes."). *Goldstein*, in other words, does not preclude states from applying a rule that common law copyrights are surrendered by publication even for works not eligible for federal copyright protection; it simply

holds that states are not *required* to do so. *See* Nimmer I, *supra*, § 4.06[B] (explaining that § 301(c) of the Copyright Act, which "codified the rule in the *Goldstein* case," "merely sets limits on the extent of federal pre-emption of state law protection," and "permits, but does not in itself create, state law protection."). And when Congress revised the Copyright Act in 1976, "Congress again left to the states the decision how to handle the meaning and effect of 'publication' for pre-1972 sound recordings." *Naxos*, 830 N.E.2d at 262.[6]

3. Finally, plaintiff relies on *Naxos* (Br. 37-38), which concerned whether New York law recognizes a common law anti-*piracy* (not performance) right in pre-1972 recordings. 830 N.E.2d at 252. The New York Court of Appeals held that "the term 'publication' is a term of art that has distinct meanings in different contexts," and that "in the realm of sound recordings … 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.* at 264. The court observed that "the appropriate governing principle" (*id.* at 260) was expressed in the holding of

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[6] Plaintiff also relies (Br. 36-37, 45) on *La Cienega Music Co. v. ZZ Top*, 53 F.3d 950, 953 (9th Cir. 1995), and *ABKCO Music, Inc. v. LaVere*, 217 F.3d 684, 689-91 (9th Cir. 2000), but those cases address only the meaning of "publication" under the 1909 Copyright Act—specifically, whether the public sale of a record qualified as a "publication" of the *underlying musical composition* under the Act. Those decisions do not remotely suggest that under state common law, rights in a record itself survive its public sale.

Capitol Records v. Mercury Records Corp., 221 F.2d 657 (2d Cir. 1955), under which a recording owner does not lose the common law right against copying by selling the recording because the sale "does not constitute a dedication of the right to copy and sell the records," *id.* at 663. *Naxos* thus adopted the view of the *Wheaton* dissent that the particular rights divested by the public sale of a work depend on the nature of the work and the purpose of the sale. *See supra* at 6.

Florida law has never endorsed that view. Rather, under long-settled law, the public sale of work dedicates *all* rights in the work to the public, leaving post-sale rights and protections to the Legislature's domain. Under that rule, the public sale of plaintiff's pre-1972 recordings dedicated all rights in those recordings to the public. Any new right to control how others now play records sold long ago can come only from the Legislature, not from a court applying common law.

B. Recognizing A Common Law Right To Control Post-Sale Copying Would Not Compel Recognition Of A Separate Right To Control Post-Sale Performances

Even if Florida common law were construed as allowing recording owners to control the *copying* of records after their sale, there still would be no basis for recognizing the distinct right plaintiff urges here—*i.e.*, the right to control where, when, and how lawful purchasers of sound recordings *perform* the records. Since the advent of the radio, sound recordings have been publicly performed in broadcasts every minute of every day. Yet for more than seventy years, no sound

recording owner has asserted any common law right to control those performances. Plaintiff's position is that the entire recording industry for decades simply elected to forgo assertion of an incredibly valuable, perpetual copyright, for no apparent reason. That proposition is as wrong as it sounds.

1. *No Florida Court Has Ever Recognized A Post-Sale "Performance" Right For Sound Recordings, And Every Relevant Authority And Stakeholder Has Recognized That No Such Right Exists*

a. Plaintiff cites no Florida case recognizing a performance right. The only Florida case plaintiff cites is *CBS, Inc. v. Garrod*, 622 F. Supp. 532 (M.D. Fla. 1985), a federal decision that cites no Florida law and, more important, addresses only common law anti-*piracy* rights. *Id.* at 535-36. Plaintiff similarly cites several out-of-state cases addressing anti-piracy rights with no discussion of a performance right.[7] Plaintiff argues that a performance right is at least "[i]mplicit" in the New York trial court's decision in *Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp.*, 199 Misc. 786 (N.Y. Sup. Ct. 1950). Br. 20; *see* Br. 32-33. But *Metropolitan Opera* is about *piracy*—as the New York Court of Appeals recognized in *Naxos*, the issue in *Metropolitan Opera* arose because after the plaintiff's performances were broadcast on the radio and records were sold to the

[7] *See Naxos*, 830 N.E.2d at 264; *Mercury Records*, 221 F.2d at 663; *Mercury Record Prods., Inc. v. Economic Consultants, Inc.*, 218 N.W.2d 705, 715 (Wis. 1974); *Capitol Records, LLC v. BlueBeat, Inc.*, 765 F. Supp. 2d 1198, 1206 (C.D. Cal. 2010).

public, the "defendant *copied those performances and created its own records for sale*." *Naxos*, 830 N.E.2d at 259 (emphasis added); *see Metro. Opera*, 199 Misc. at 796 (question is whether defendant lawfully "offer[ed] to the public" unauthorized "recordings of Metropolitan Opera's broadcast performances").

Plaintiff's cases thus establish only that some other jurisdictions have recognized a post-sale common law anti-piracy right in sound recordings. Those cases say nothing about Florida law, and even on their own terms they do nothing to compel recognition of a post-sale *performance* right. To the contrary, the anti-piracy right recognized in those cases has long existed alongside a uniform consensus that a separate performance right does *not* exist. Commentators, for example, have widely recognized that "it has been settled since 1940 that there is no performance right in a sound recording." Seidenberg, *supra*; *see supra* at 13 & n.4. So too has the Register of Copyrights, who has twice explicitly observed that no such right appears to exist under state common law. *See supra* at 15. And Congress likewise confirmed in 1976 that it had "been the law and the widely accepted fact for many years [that] there is no compensable property right in sound recordings and no … performance royalty for broadcasters because they play records for profit." 120 Cong. Rec. 30,405 (1974); *see supra* at 11.

Perhaps most important, however, are *record companies' own repeated admissions* that no such common law right exists, as record company witnesses

continuously insisted in seeking to convince Congress to fill that gap by creating a performance right under federal law. *See supra* at 14-15. Record companies also never attempted to enforce such a common law right in the courts after *Whiteman*. As the U.S. Supreme Court long ago observed, "so strong is the desire of every man to have the full enjoyment of all that is his, that, when a party comes into court and asserts that he has been for many years the owner of certain rights, of whose existence he has had full knowledge and yet has never attempted to enforce them, there is a strong persuasion that, if all the facts were known, it would be found his alleged rights either never existed, or had long since ceased." *Halstead v. Grinnan*, 152 U.S. 412, 416 (1894). That principle applies with particular force here, because if the "performance" right that plaintiff now seeks has actually existed all along, then radio stations in Florida and elsewhere have been violating it continuously for decades. The fact that nobody attempted to enforce this supposed right is conclusive evidence that nobody thought it existed.

b. While the foregoing discussion demonstrates the general recognition that there is no common law performance right in sound recordings, that point is especially obvious in Florida, where the Legislature itself expressly declared in 1941—one year after *Whiteman*—that no such right exists. *See supra* at 16. Plaintiff, however, cites the 1941 legislation as proof that a common law performance right in sound recordings *does* exist. According to plaintiff, such a

right must have existed before 1941 because the relevant legislative provisions stated that the right was "abrogated" and "repealed." And by repealing these provisions in 1977, plaintiff continues, the Legislature must have restored the pre-1941 common law rule. Br. 24. Plaintiff's argument is wrong at both steps.

To start, the 1941 legislation borrowed the words "abrogated" and "repealed" from a North Carolina statute, N.C. Gen. Stat. Ann. § 66-28, which was enacted to abrogate a specific North Carolina decision—*Waring v. Dunlea*, 26 F. Supp. 338 (E.D.N.C. 1939). *See* Barbara A. Ringer, Copyright Law Revision Study No. 26, *The Unauthorized Duplication of Sound Recordings*, at 8-9 (Feb. 1957). In *Waring*, a sound recording owner had licensed a recording to a single party for use on one specified radio program, with a notice to that effect affixed directly on the recording. The recording was never dedicated to the public by sale. The defendant nevertheless somehow obtained possession of the recording and played it on his own radio program. 26 F. Supp. at 339. On those facts, the court held that the recording owner had maintained his right to restrict others from performing his recording. *Id.* at 340. Nothing in the decision even remotely suggested that the recording owner would have had a common law right to restrict performance of his recording if he had sold it broadly to the public, without any express use limitation of any kind. And certainly no pre-1941 *Florida* decision had held or suggested that any such broad post-sale common law right existed.

The Florida Legislature nevertheless abrogated even the very limited right recognized in *Waring*. By doing so, it did not and could not abrogate a broader common law post-sale performance right—there was no such right to abrogate.

For the same reason, the Legislature's 1977 repeal of these provisions did not restore any such right. Indeed, the legislative history confirms that the Legislature repealed these provisions simply because they were no longer necessary, given the by-then-longstanding consensus that recording owners have no common law right to control the performance of records after they are sold. *See supra* at 13 & n.4, 16-17. Obviously, if the 1977 legislation had been understood as resurrecting an ancient and exceedingly valuable common law performance right for pre-1972 recordings, record companies would have jumped to invoke that right against the many radio broadcasters making money violating it every minute of every day. None did, not because they inexplicably left money on the table, but because Florida has never recognized any common law right to control where, when, and how pre-1972 records are performed after their sale.

2. *The Reasons That Support A Common Law Anti-Piracy Right Do Not Compel Recognition Of A Parallel Performance Right*

Despite the lack of any authority supporting the existence of a post-sale common law performance right, plaintiff says it would be "absurd" as a doctrinal matter to read cases like *Naxos* and *Garrod* to "prohibit the unauthorized reproduction of sound recordings" after public sale "but allow the public

performance of those same recordings for profit." Br. 44. But the very reasons that justify recognizing an anti-copying right preclude recognizing a right to control post-sale performances of sound recordings, for at least two reasons.

First, the anti-piracy cases reflect the *Wheaton* dissent's view that an author's post-sale property interest in a work depends on the work's nature and the purpose of the sale. *See supra* at 6, 26-27. Because a record is sold to be played, not copied and resold, the anti-piracy cases hold that a sale does not dedicate to the public the owner's right to copy and resell the record.[8] The same principle compels the opposite result for post-sale control over when and how a record is played. Because a record *is* sold to be performed, the public sale of a record does dedicate to the public the right to perform it. *Cf. Whiteman*, 114 F.2d at 88 (broadcaster who plays record "never invades" copyright because it "merely *use[s]* those copies which [the record company] made and distributed" (emphasis added)).

Second, the balance of interests justifying recognition of a post-sale anti-piracy right also compels the opposite conclusion for control over post-sale

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[8] *See Mercury Records*, 221 F.2d at 663 (recording owner possesses a common law right against unauthorized post-sale copying because the sale "does not constitute a dedication of the right to copy and sell the records"); *see also Naxos*, 830 N.E.2d at 260 (recognizing this as "the appropriate governing principle"); *Gieseking v. Urania Records, Inc.*, 17 Misc. 2d 1034, 1035 (N.Y. Sup. Ct. 1956) (sale of record "does not . . . dedicate the right to copy or sell the record," because "performer has a property right in his performance that it shall not be used for a purpose not intended").

performance. As many courts and legislatures (including the Florida Legislature, Fla. Stat. § 540.11, as well as Congress) have recognized, the sale of a record does not create any legitimate public interest in the copying and resale of the record. By contrast, there are numerous and substantial public interests in the post-sale performance of records—including performers' interest in spreading their music, composers' interests in obtaining royalties and public appreciation, and consumers' interest in enjoying the music. A court considering an anti-piracy right need not account for so many strong competing public interests, but they are all critical in considering rights to control the post-sale performance of records, which is why such rights must be a statutory matter. *See* Nimmer I, *supra*, § 4.04 (once recording owner "elect[s] to surrender the privacy of [the recording], preferring the more worldly rewards that come from exploitation of his work, he ha[s] to accept the limitations on his monopoly imposed by the public interest"). And the difficulty of balancing such interests is why legislative action on the subject was so profoundly controversial. *See supra* at 10-12.[9]

Those legislative efforts confirm the longstanding industry-wide

[9] Plaintiff is wrong in suggesting that recognition of a post-sale performance right would "protect the artist's interest in the underlying musical performance." Br. 44. Performers and composers clearly would be *harmed* by the decrease in public performances of their music. And recording-owners might or not share negotiated royalties with performers—a problem Congress addressed in the DPRA by mandating 50% royalty sharing, a regulatory fix unavailable at common law.

understanding that anti-piracy rights differ fundamentally from post-sale performance rights. Record company executives testified in 1936 that while "the duplication of a phonograph record and the selling of that record is an act of unfair competition … , it would be going a long way for any court to say, that the playing of a record over the air, the mere use of a record in that manner, is an act of unfair competition." *Revision of Copyright Laws: Hearings Before the H. Comm. on Patents*, 74th Cong. 639 (Comm. Print 1936) (representative of Brunswick Record Corp. and Columbia Phonograph Co.). Congress, too, recognized the distinction repeatedly, adopting a statutory anti-piracy rule in 1972, while (i) rejecting a "performance" right as "explosively controversial," SUPP. REGISTER'S REP. ON THE GENERAL REV. OF U.S. COPYRIGHT LAW 38 (Comm. Print 1965), (ii) concluding in 1976 that in-depth study was required before such a right could even be considered, *see supra* at 11, (iii) delaying enactment of such a right until 1995, *see supra* at 11, and (iv) even then limiting that right significantly, including by enacting a highly reticulated compulsory licensing scheme that expressly excludes AM/FM radio broadcasts and requires that the recording owner transfer 50% of the royalties to performers, *see supra* at 11-12.

As the judicial precedents and history of legislative action show, recognizing a right of sound recording owners to control post-sale copying of records does nothing to justify recognition of a separate right to control their post-

sale performance. Indeed, the principles justifying the post-sale anti-piracy right affirmatively disfavor a post-sale performance right.

3. *Creating A New Common Law Performance Right Is A Matter Of Legislative Policymaking*

To now recognize a common law post-sale performance right in sound recordings, this Court would be required to engage in a difficult balancing of competing policy interests—a function only the Legislature can properly perform.

"[O]f the three branches of government, the judiciary is the least capable of receiving public input and resolving broad public policy questions based on a societal consensus." *Shands Teaching Hosp. & Clinics v. Smith*, 497 So. 2d 644, 646 (Fla. 1986). Where, as here, the creation of a new right would dramatically expand existing law and affect competing stakeholders—including parties not before the Court, such as composers, performing artists, and consumers—whether and how to establish the right should be left to a legislature, which "is entrusted with, and better equipped to handle, decisions concerning public policy matters." *Barr v. State*, 507 So. 2d 175, 176 (Fla. 3d DCA 1987).[10]

There is no doubting the widespread policy, economic, and administrative

[10] *See Krischer v. McIver*, 697 So. 2d 97, 104 (Fla. 1997) (common law evolves incrementally to avoid arrogating powers that "belong only to the legislature"); *Horne v. Vic Potamkin Chevrolet, Inc.*, 533 So. 2d 261, 262-63 (Fla. 1988) (legislature, rather than courts, should address change in law "with broad implications which requires input from the various interests involved").

consequences of the new right plaintiff seeks. As the federal district court in this case acknowledged: "[T]o recognize and create this broad right in Florida, the music industry—including performers, copyright owners, and broadcasters—would be faced with many unanswered questions and difficult regulatory issues including: (1) who sets and administers the licensing rates; (2) who owns a sound recording when the owner or artist is dead or the record company is out of business; and (3) what, if any, are the exceptions to the public performance right." 2015 WL 3852692, at *5.

Congress grappled with the same questions in considering whether and how to create a statutory performance right, after almost a *century* of debate on the issue. When Congress enacted the DPRA in 1995, it carefully crafted the law to balance the competing policy interests—demonstrating exactly why the creation of a new post-sale performance right must be a matter of legislative discretion rather than judicial will. *See Shands*, 497 So. 2d at 647 (declining to create common-law right because it is "wiser to leave it to the legislative branch").

The DPRA was enacted after dozens of witnesses testified about the various policy considerations, committees produced multiple reports detailing their findings, and Congress revised the proposed legislation to address each issue. *See* H.R. Rep. No. 104-274 (1995); S. Rep. No. 104-128 (1995). Congress wanted to protect recording owners, who claimed that the advent of new digital technologies

cut into their profits. *See* S. Rep. No. 104-128, at 15; H.R. Rep. No. 104-274, at 13-14. But Congress also wanted to avoid "imposing new and unreasonable burdens on ... broadcasters, which often promote, and appear to pose no threat to, the distribution of sound recordings." S. Rep. No. 104-128, at 15; *see* 141 Cong. Rec. S945-02, at 948 (Jan. 13, 1995) (rejecting unlimited performance right because "long-established business practices within the music and broadcasting industries represent a highly complex system … and should not be lightly upset"). The DPRA thus includes an exemption for AM/FM radio and a complex compulsory licensing scheme, which ensures that digital and satellite broadcasters, like Sirius XM, can obtain a statutory license to perform a post-1972 recording at a reasonable royalty rate. S. Rep. No. 104-128, at 15-16. Congress wanted to protect the rights of performers, so it included a requirement that the recording owner share one-half of the compulsory license fees with performing artists, instead of pocketing the money for itself. H.R. Rep. No. 104-274, at 14-15, 24.

The fact that the record industry's decades-long effort to achieve a sound recording performance right resulted in such a limited and carefully reticulated statute should be conclusive evidence that recognizing an absolute and (barring federal preemption) perpetual common law right would be unwarranted, not to mention unprecedented. The right plaintiff asserts includes no limitations akin to those Congress built in to the DPRA—it would apply to AM/FM radio, would not

include any compulsory licensing scheme or rate-setting process, and would not have any fee-sharing provisions. By the very nature of common law, if the court recognizes such a right, it would simply allow plaintiff to prevent anyone from playing the sound recordings they purchase, forever.

It would also leave many questions unanswered. For example, how will a broadcaster identify the recording owner with whom a license must be negotiated? Who will resolve ownership disputes? What happens if the parties are unable to agree on a royalty rate? Even if they are, how will royalties be distributed? Must a recording owner share the royalties with the performing artists? As the federal district court explained in the parallel New York case, these and other "administrative difficulties … would ultimately increase the costs consumers pay to hear broadcasts, and possibly make broadcasts of pre-1972 recordings altogether unavailable." 62 F. Supp. 3d at 344.

The district courts' rulings in the New York and California actions have already set off alarm bells. For example, the Copyright Office recently issued a report discussing those cases, noting the policy problems that would result from recognition of a common law performance right, and advocating for federal regulation, which can offer "uniform protection . . . as well as appropriate exceptions and limitations for the benefit of users." U.S. Copyright Office, COPYRIGHT & THE MUSIC MARKETPLACE 53-55, 85-87 (2015). Similarly,

SoundExchange, the organization that administers royalties under the DPRA, has noted to the Copyright Office that creation of performance rights through litigation "will not lead to a sensible regime for licensing," "do[es] not provide the simplicity and efficiency that Congress contemplated when enacting the statutory licenses," and is "not the regime that Congress had in mind when it created the [DPRA] in 1995." *Music Licensing Study: Notice and Request for Public Comment, Comments of SoundExchange, Inc.*, at 12 (May 20, 2014).

This sort of abrupt, widespread upheaval is completely inconsistent with the common law method, which is measured and incremental. *See supra* at 36 & n.10. If Florida law is to grant record companies and other recording owners a right to control how and when pre-1972 recordings are played after they are sold, policymakers must evaluate and balance the interests of all relevant stakeholders and adopt nuanced protections, as Congress did in the DPRA. As the district court correctly noted, a legislative body "is in the best position to address these issues" and determine "whether copyright protection for pre-1972 recordings should include the exclusive right to public performance." 2015 WL 3852692, at *5.

II. SIRIUS XM'S BUFFER AND CACHE COPIES DO NOT INFRINGE ANY COMMON LAW RIGHT OF EXCLUSIVE REPRODUCTION

Plaintiff contends that even if there is no post-sale *performance* right in pre-1972 recordings, the incidental reproductions Sirius XM makes to facilitate its broadcasts—which are temporary, fragmentary, and never accessible to the

public—violate plaintiff's alleged common law right to prevent unauthorized *copying*. As shown above, however, under existing Florida law, all common law rights in a work are relinquished upon public sale of the work. *See supra* at 22-27. And even if some common law copyright did survive public sale, Sirius XM's buffer and cache copies would not violate it.

When Sirius XM and other modern radio broadcasters play a sound recording, they do not simply cue up a physical record and broadcast it live. Doc. 78 ¶ 11; Doc. 79 ¶ 17. Instead, modern radio broadcasters create a temporary, mostly fragmentary copy—retained briefly in a "buffer" or "cache" before being discarded—to ensure uninterrupted delivery of their content. Doc. 79 ¶¶ 17, 30-33; Doc. 101-2 ¶¶ 3, 5. Those temporary buffer and cache copies, many of which are just a few milliseconds long, are encrypted and inaccessible to the public. *See id.* And they are the *only* copies of recordings that Sirius XM makes in Florida.

"As the label 'copyright' suggests, it is the act of copying that is essential to, and constitutes the very essence of all copyright infringement." 2 Melville B. Nimmer & David Nimmer, NIMMER ON COPYRIGHT ("Nimmer II") § 8.02[A] (rev. ed. 2016) (footnotes omitted). Under federal law, a work is not an actionable "copy" unless it is "embodied in a medium [for] a period of more than transitory duration." *Cartoon Network LP, LLP v. CSC Holdings, Inc.*, 536 F.3d 121, 127 (2d Cir. 2008) (buffer copies are non-infringing). Sirius XM's buffer and cache

copies—many of which exist for milliseconds—do not qualify. Plaintiff cites no case holding that buffer, cache, or similar temporary copies infringe statutory or common law copyright.

Plaintiff instead argues that what counts as a "copy" under federal law "has no application to this case." Br. 46. Yet courts interpreting common law copyright routinely look to federal copyright law for guidance. *See, e.g.*, *Garrod*, 622 F. Supp. at 536 (looking to federal law to determine scope of common law rights in pre-1972 recordings). Plaintiff suggests that doing so would be inappropriate here, because Fla. Stat. § 540.11 "does not contain language parallel to" the federal definition of a "copy." Br. 46 & n.16. But § 540.11 is a *criminal* statute—it has no bearing as to what counts as a "copy" under the common law. And in any event, that statute *does* contain an express carve-out for broadcasters who copy sound recordings "in connection with, or as part of, a radio, television, or cable broadcast transmission," Fla. Stat. § 540.11(6)(a), just as Sirius XM does here.

Further, even if they were otherwise actionable "copies," Sirius XM's buffer and cache copies would constitute fair use. Contrary to plaintiff's assertion (Br. 47), the fair use doctrine applies fully to common law copyright. *See EMI Records Ltd. v. Premise Media Corp. L.P.*, 2008 WL 5027245 (N.Y. Sup. Ct. Aug. 8, 2008) ("fair use exists at common law"); *Kramer v. Thomas*, 2006 WL 4729242, at *12 (C.D. Cal. Sept. 28, 2006) (applying fair use defense to alleged infringement of

pre-1972 recording); *Estate of Hemingway v. Random House, Inc.*, 279 N.Y.S.2d 51, 57 (N.Y. Sup. Ct. 1967) (federal and state law on fair use "are in accord"); *see also* Nimmer II, *supra*, § 8C.02 ("[D]ecided cases do not warrant the conclusion that *any* unauthorized use of a work protected by common law copyright is necessarily an infringement."). The fair use defense, in fact, is mandated by the First Amendment, and thus necessarily applies to state common law as well as federal statutory copyright. *See Golan*, 132 S. Ct. at 890 (fair use is "built-in First Amendment accommodation[]" (quotation omitted)).

Plaintiff also errs in asserting that if fair use applies, Sirius XM's buffer and cache copies do not qualify. Br. 47 & n.17. Fair use is "a privilege in others … to use the copyrighted material in a reasonable manner without [the owner's] consent." *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 549 (1985). Of the four fair use factors, the most important is "the effect of the use upon the potential market for or value of the copyrighted work." 17 U.S.C. § 107(4); *see Harper & Row*, 471 U.S. at 566 (market harm is "undoubtedly the single most important element of fair use"). The inquiry under that factor centers on whether the challenged use "usurp[s]" the market of the original work. *SunTrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1281 (11th Cir. 2001) (Marcus, J., concurring). And Sirius XM's buffer and cache copies—which are solely made to facilitate a radio broadcast and cannot be downloaded, streamed, or

accessed by the public—have *no* effect on the market for plaintiff's recordings, much less an usurping effect. Sirius XM's buffer and cache copies accordingly constitute fair use as a matter of law.

III. PLAINTIFF'S UNFAIR COMPETITION, CONVERSION, AND CIVIL THEFT CLAIMS ALSO FAIL

Finally, because Florida common law does not grant plaintiff any right to control performances of its pre-1972 recordings, plaintiff's unfair competition, conversion, and civil theft claims all fail.

A. The Non-Copyright Doctrines Plaintiff Invokes Do Not Provide Greater Protection Than Common Law Copyright

To prevail on any of its non-copyright claims, plaintiff must show some unlawful act or taking of property. *See M.G.B. Homes, Inc. v. Ameron Homes, Inc.*, 903 F.2d 1486, 1493 (11th Cir. 1990) (unfair competition requires "deceptive or fraudulent conduct of a competitor"); *Star Fruit Co. v. Eagle Lake Growers*, 33 So. 2d 858, 860 (Fla. 1948) (conversion requires "wrongful deprivation of property"); Fla. Stat. § 812.014 (civil theft requires wrongful taking of "property"). Plaintiff cannot satisfy that threshold requirement, because it has no protectable right or property interest in performances of its pre-1972 recordings.

Plaintiff insists that it must have such an interest because its recordings are "intellectual productions that are created by heavy investments of time and labor." Br. 38; *see id.* at 40 (similar). But that investment of time and labor is precisely

what gives rise to a pre-publication *common law copyright*. *See Glazer*, 16 So. 2d at 55. The same effort does not *also* grant plaintiff some other unbounded property right in the same recordings after they are sold to the public and simply used for their intended purpose. If it did, the important limits of common law copyright would be meaningless.

It is true that common law copyright can "co-exist" with other "state laws protecting property" (Br. 40) and that "unfair competition, conversion, and civil theft are applicable to intangible property" (Br. 41). But the question is whether plaintiff has an intangible property right *other than* common law copyright for those state laws to protect. It does not. It is therefore irrelevant that "'the existence of a copyright' is not a necessary element" of unfair competition, conversion, or civil theft. Br. 41. A legally protectable interest in the sound recordings *is* an essential component of all those claims, *see Garrod*, 622 F. Supp. at 533, and plaintiff has no such legally protectable interest here.

B. Even If Plaintiff Had Some Other Protectable Interest In Its Sound Recordings, Its Non-Copyright Claims Would Still Fail

Even if plaintiff had a protectable, non-copyright interest in its recordings, its unfair competition, conversion, and civil theft claims would nonetheless fail.

1. Florida unfair competition law requires a plaintiff to establish (1) deceptive or fraudulent conduct, (2) competition, and (3) likelihood of consumer confusion. *See M.G.B. Homes*, 903 F.2d at 1493; *Magical Mile, Inc. v.*

Benowitz, 510 F. Supp. 2d 1085, 1089-90 (S.D. Fla. 2007). Plaintiff cannot satisfy any of those requirements.

As to the first and third elements, the undisputed evidence showed that Sirius XM's broadcasting of plaintiff's recordings caused *no* deception or confusion. Sirius XM has openly performed pre-1972 recordings for years (as has every other terrestrial and digital broadcaster). *See* Doc. 78 ¶ 10; Doc. 79 ¶ 12. And plaintiff has admitted that it "is not presently aware of any actual [consumer] confusion." Doc. 78 ¶ 47; Doc. 81-7 at 4-5.

As to the second element, unfair competition "refers unambiguously only to actions affecting competitors." *Practice Mgmt. Assocs., Inc. v. Old Dominion Ins. Co.*, 601 So. 2d 587, 587-88 (Fla. 1st DCA 1992). This requires some "element of rivalry" between plaintiff and defendant. *Id.* The undisputed record evidence confirms that Sirius XM is not plaintiff's competitor. Plaintiff has never licensed its pre-1972 recordings to broadcasters, webcasters, or any other entity that performs music for the public (*e.g.*, bars or retail stores). Doc. 78 ¶¶ 34-35, 39-40, 42-43; Doc. 81-4 at 6-14. Plaintiff has only licensed its pre-1972 recordings for download via iTunes-type services or for use in films, television, or commercials. Doc. 94 at 3. As plaintiff has admitted, Sirius XM's broadcasts have no effect on those licensing efforts—plaintiff's principals could not identify a *single* lost license attributable to Sirius XM, and admitted that there is no "evidence that Sirius XM

has impaired Flo & Eddie's ability to license its pre-'72 recordings." Doc. 78 ¶ 45; Doc. 81-1 at 95:23-25, 97:5-12; Doc. 81-2 at 107:13-108:5. Plaintiff's principals even testified that they do not consider Sirius XM a competitor. Doc. 78 ¶ 46; Doc. 81-2 at 93:18-94:4 ("I don't know how we would be considered a competitor with a satellite provider. We don't do that.").

Indeed, record executives have understood since 1936 that while "the *duplication* of a phonograph record and the selling of that record is an act of unfair competition … , it would be going a long way for any court to say, that the *playing* of a record over the air, the mere use of a record in that manner, is an act of unfair competition." *Revision of Copyright Laws: Hearings Before the H. Comm. on Patents*, 74th Cong. 639 (Comm. Print 1936) (emphasis added). Nothing in the intervening eight decades has altered that common sense result. Plaintiff's unfair competition claim is meritless.

2. Plaintiff's conversion claim fares no better. Conversion requires a "*wrongful deprivation* of a person of property to the possession of which he is entitled." *Star Fruit*, 33 So. 2d at 860 (emphasis added). It is not enough that Sirius XM used plaintiff's recordings and benefited from that use. Plaintiff must establish that: (1) Sirius XM deprived it of some possessory right, and that that deprivation was (2) wrongful and (3) intentional. *Id.* Plaintiff cannot do so.

Even assuming plaintiff has a protectable interest in performances of its pre-1972 recordings, there has been no deprivation. Sirius XM merely played its lawfully obtained copies of plaintiff's recordings. There is no evidence that Sirius XM's performances deprived plaintiff of any business opportunity—plaintiff could not identify a single lost license or sale. Doc. 78 ¶ 45; Doc. 81-1 at 95:23-25, 97:5-12; Doc. 81-2 at 107:13-108:5. Courts have dismissed conversion claims grounded in the unauthorized use of a copyrighted work precisely because such unauthorized use "fails to deprive the plaintiff of his property." *Santilli v. Cardone*, 2008 WL 2790242, at *5 (M.D. Fla. July 18, 2008); *accord Glades Pharm., LLC. v. Murphy*, 2005 WL 3455857, at *8 (N.D. Ga. Dec. 16, 2005).

Nor can plaintiff establish that Sirius XM's performances were wrongful or made with wrongful intent. Sirius XM simply broadcast its lawfully obtained copies of plaintiff's recordings, as AM/FM broadcasters, club DJs, restaurants, retail stores, and thousands of others have done for decades based on the unanimous consensus that pre-1972 recording owners have no right to demand licenses for such performances. Indeed, plaintiff has openly encouraged Sirius XM to perform its recordings and reaped the promotional benefits of airplay, without once asking Sirius XM to stop or pay royalties. Doc. 81-4 at 3-5. There is no case finding a wrongful or intentional taking in comparable circumstances.

3. Under Florida law, civil theft is simply conversion plus criminal intent. Fla. Stat. §§ 772.11, 812.014; *see Gersh v. Cofman*, 769 So. 2d 407, 409 (Fla. 4th DCA 2000). Plaintiff's civil theft claim therefore fails for the same reasons as its conversion claim. The theft claim also fails because plaintiff cannot establish criminal intent, which requires clear and convincing evidence of a "guilty mind" and "actual knowledge" of theft. *City of Cars, Inc. v. Simms*, 526 So. 2d 119, 120 (Fla. 5th DCA 1988); *Almeida v. Amazon.com, Inc.*, 456 F.3d 1316, 1327 (11th Cir. 2006). Sirius XM has openly broadcast recordings for years, just like other radio broadcasters. No criminal intent can exist in such circumstances. *See Tedder v. Florida*, 75 So. 783, 783 (Fla. 1917) (where a "taking is open, and there is no subsequent attempt to conceal the property, and no denial, but an avowal of the taking, a strong presumption arises that there was no felonious intent").

CONCLUSION

For the foregoing reasons, this Court should hold that (i) Florida common law recognizes only a *pre-sale* copyright in sound recordings; (ii) Florida common law in all events does not give owners of pre-1972 recordings a right to control or demand payment for the public performance of their recordings after they are sold; (iii) Sirius XM's buffer and cache copies do not infringe any common law right of exclusive reproduction; and (iv) Florida common law gives plaintiff no protectable interest in its pre-1972 recordings beyond its limited common law copyright.

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CERTIFICATE OF COMPLIANCE

I hereby certify that this brief complies with the font requirements of Florida Rule of Appellate Procedure 9.210.

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