

IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

FLO & EDDIE, INC.,

Plaintiff-
Appellee,

v.

PANDORA MEDIA, INC.,

Defendant-
Appellant.

**MOTION OF COPYRIGHT AND
INTELLECTUAL PROPERTY LAW
PROFESSORS FOR LEAVE TO
FILE A BRIEF AMICI CURIAE IN
SUPPORT OF DEFENDANT-
APPELLANT PANDORA MEDIA,
INC.**

9th Circuit Case No. 15-55287

On Appeal from the United States
District Court for the Central District of
California

Case No. CV14-7648 PSG

Pursuant to Federal Rule of Appellate Procedure 29(b), counsel for prospective amici curiae respectfully moves for leave to file the attached Brief of *Amici Curiae* Copyright and Intellectual Property Law Professors in Support of Defendant-Appellant Pandora Media, Inc. Defendant-Appellant has consented to the filing, but Plaintiff-Appellee Flo & Eddie, Inc. has not.

Based on the background and interest of *amici*, counsel respectfully requests that the Court grant this motion. In support of the present motion, counsel states the following:

1. *Amici curiae*, whose names and institutional affiliations are listed in the Appendix to the brief, are all professors at U.S. law schools who teach and write

about copyright law or about intellectual property law in general. *Amici* are familiar with the history of copyright law and have published numerous books and articles about copyright law or intellectual property law.

2. *Amici* do not have any financial interest in the outcome of this litigation. The only interest that *amici* have in this litigation is a respect for the historical development of copyright law, and a commitment to the orderly development of copyright law in the future. The perspective of these sixteen unbiased observers is something that the Court cannot get from the parties to the case.

3. The legal standard for whether a motion for leave to file an *amicus curiae* brief should be granted is stated in Federal Rule of Appellate Procedure 29(b): the moving party should explain “why an amicus brief is desirable and why the matters asserted are relevant to the disposition of the case.” As explained in the Committee Notes to the 1998 Amendments to Rule 29(b): “An amicus curiae brief which brings relevant matter to the attention of the Court that has not already been brought to its attention by the parties is of considerable help to the Court.” (quoting U.S. Supreme Court Rule 37.1).

4. The proposed *amicus* brief brings to this Court’s attention relevant material that was not cited by Appellant Pandora Media in its brief, and is not likely to be cited by the Appellee, Flo & Eddie. In particular, the proposed *amicus* brief brings to the Court’s attention evidence concerning the lack of public

performance rights under state common-law at the time David Dudley Field drafted the proposed Civil Code of New York, the source of the California Civil Code sections at issue in this case; and evidence concerning the lack of public performance rights under state law at the time Civil Code section 980 was amended in 1947 and 1982. The proposed *amicus* brief cites at least 16 cases, two treatises, two law review articles, and a book on the history of music copyright in the United States, none of which have been brought to the attention of this Court by the parties.

5. *Amici* do not necessarily agree on the merits of a public performance right for sound recordings, but *amici* agree that 1) historically there has not been any public performance right in sound recordings under state law, and 2) the issue should be addressed prospectively on a nationwide basis, by Congress, rather than on a piecemeal basis through state-by-state litigation.

WHEREFORE, the undersigned counsel respectfully requests that the Court grant its motion for leave to file the attached brief of *amici curiae* Copyright and Intellectual Property Law Professors.

Dated: September 9, 2015

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**BRIEF OF AMICI CURIAE COPYRIGHT AND
INTELLECTUAL PROPERTY LAW PROFESSORS IN
SUPPORT OF DEFENDANT-APPELLANT
PANDORA MEDIA, INC.**

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Federal Rule of Appellate Procedure 26.1, the undersigned states that none of the *Amici* is a corporation or has a parent corporation.

DATED: September 9, 2015

/s/ Joseph C. Gratz
Joseph C. Gratz
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CERTIFICATE OF COMPLIANCE WITH RULE 29(C)(5)

Counsel for the parties did not author this brief in whole or in part. The parties have not contributed money intended to fund preparing or submitting the brief. No person other than *Amici Curiae* or their counsel contributed money to fund preparation or submission of this brief.

DATED: September 9, 2015

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IDENTITY AND INTEREST OF THE AMICI CURIAE

Amici curiae, whose names and institutional affiliations are listed below, are all professors who teach and write about copyright law or about intellectual property law in general. *Amici* are unbiased observers who do not have any financial interest in the outcome of this litigation. The only interest that *amici* have in this litigation is a respect for the historical development of copyright law, and a commitment to the orderly development of copyright law in the future. *Amici* are also concerned that recognizing a public performance right for sound recordings under California law, for the first time, would improperly extend California law outside the borders of the state, since broadcast signals cannot be confined to the borders of a single state. *Amici* do not necessarily agree on the merits of a public performance right for sound recordings, but *amici* agree that 1) historically there has not been any public performance right in sound recordings under state law, and 2) the issue should be addressed on a nationwide basis, by Congress, prospectively, rather than on a piecemeal basis through state-by-state litigation.*

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CONSENT OF THE PARTIES

Counsel for Appellant Pandora Media, Inc., consented to the filing of this brief. Counsel for Appellee Flo & Eddie, Inc. declined to consent. *Amici's* motion for leave to file this *Amicus* Brief is filed concurrently herewith.

SUMMARY OF ARGUMENT

Plaintiff Flo & Eddie, Inc. contends that the phrase “exclusive ownership” includes all possible uses to which a copyrightable work may be put, including an exclusive right of public performance. At the time California Civil Code section 980 was first enacted in 1872, however, the phrase “exclusive ownership” in relation to a copyrightable work meant something different and much narrower; namely, the right of first publication (reproduction and sale) only. Since the phrase “exclusive ownership” was retained without change in the subsequent 1947 and 1982 amendments to Civil Code section 980, the phrase should be interpreted today in accordance with its original, common-law meaning. Moreover, for the past 75 years it has been considered settled law that there were no public performance rights in sound recordings under state law. If this Court were to overrule its own prior interpretation of California Civil Code section 980 and grant such rights, for the first time, such a ruling would apply not only to Internet broadcasters, but also to every radio and television network and broadcast station whose signal reaches viewers and listeners located in California. Because broadcast signals cannot be confined to the borders of a single state, such a ruling would improperly burden communication to out-of-state listeners as well, in violation of the dormant Commerce Clause.

ARGUMENT

I. **WHEN THE DISPUTED STATUTORY PHRASE “EXCLUSIVE OWNERSHIP” WAS FIRST ENACTED IN 1872, COMMON-LAW COPYRIGHT ENCOMPASSED ONLY THE RIGHT OF FIRST PUBLICATION (REPRODUCTION AND SALE), AND DID NOT INCLUDE ANY RIGHT OF PUBLIC PERFORMANCE.**

As originally enacted in 1872, Civil Code section 980 read as follows:

The author of any product of the mind . . . has an exclusive ownership therein, and in the representation or expression thereof, which continues so long as the product and the representations or expressions thereof made by him remain in his possession.

Section 980 has been amended three times since 1872 (in 1947, 1949, and 1982). Each time the statute was amended, the language that the trial court construed, “exclusive ownership,” was retained without change. Under basic principles of statutory interpretation, if the Legislature retains the language of a statute without change, the Court should presume that the Legislature intended the meaning of that language to remain the same.¹ Therefore, in order to understand what

¹ 1A NORMAN J. SINGER & J.D. SHAMBIE SINGER, STATUTES AND STATUTORY CONSTRUCTION § 22:33 (7th ed. 2007) (formerly SUTHERLAND ON STATUTORY CONSTRUCTION); *Bakersfield Energy Partners, L.P. v. Comm’r of Internal Revenue*, 568 F.3d 767, 775 (9th Cir. 2009) (“As a general rule, we construe words in a new statute that are identical to words in a prior statute as having the same meaning.”); *Marina Point*,

the phrase “exclusive ownership” means today, the Court should consider what that language meant to the Legislature when it was enacted in 1872.

In 1872, copyright protection in the United States was shared between state law and federal law. Before a work was published, it was protected by state law (so-called “common-law copyright”), which provided the author an exclusive right of first publication (reproduction and sale).² Once a work was published, state-law protection was divested,³ and one of two things happened. If the work was published

Ltd. v. Wolfson, 30 Cal. 3d 721, 734, 640 P.2d 115, 123, 180 Cal. Rptr. 496, 504 (1982).

² See, e.g., *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 657 (1834) (“That an author, at common law, has a property in his manuscript, and may obtain redress against any one who deprives him of it, or by improperly obtaining a copy endeavours to realise a profit by its publication, cannot be doubted; but this is a very different right from that which asserts a perpetual and exclusive property in the future publication of the work, after the author shall have published it”); *Palmer v. DeWitt*, 47 N.Y. 532, 536 (1872) (“The author of a literary work or composition has, by [common] law, a right to the first publication of it. He has a right to determine whether it shall be published at all, and if published, when, where, by whom, and in what form. This exclusive right is confined to the first publication.”).

³ *Wheaton*, 33 U.S. at 657 (distinguishing the common-law right before publication from a right “after the author shall have published it”); *id.* at 657–662 (rejecting four arguments in favor of a common-law right after publication); *Palmer*, 47 N.Y. at 537 (“This exclusive right is confined to the first publication. . . . This common-law right ‘of first publication’ is sometimes spoken of as ‘copyright before publication’”);

with proper copyright notice, and other statutory formalities such as registration were satisfied, the work obtained a federal statutory copyright of limited duration.⁴ If the work was published without proper notice or without complying with statutory formalities, the work entered the public domain.⁵

id. at 539 (“When once published, with the assent of the author, it becomes the property of the world, subject only to such rights as the author may have secured under [statutory] copyright laws”); *Banker v. Caldwell*, 3 Minn. 94, 104 (1859) (“it is clear that in the United States an author has no exclusive property in a published work except under some act of congress.”).

⁴ *Wheaton*, 33 U.S. at 663–64 (“when the legislature are about to vest an exclusive right in an author or an inventor, they have the power to prescribe the conditions on which such right shall be enjoyed; and that no one can avail himself of such right who does not substantially comply with the requisitions of the law.”).

⁵ *Palmer*, 47 N.Y. at 536 (“When once published it is dedicated to the public, and the author has not, at common-law, any exclusive right to multiply copies of it or to control the subsequent issues of copies by others.”); *Banker*, 3 Minn. at 104 (“It is the publication [of a manuscript] which is regarded as an abandonment of the exclusive property in the contents. It is a voluntary presentation of it to the public, and any one may use it to such purpose as he may see fit.”); *Bartlett v. Crittenden*, 2 F. Cas. 967, 968–69 (No. 1,076) (C.C.D. Ohio 1849) (“the author who publishes his work, dedicates it to the public.”); *Oertel v. Jacoby*, 44 How. Pr. 179, 187–88 (N.Y. Sup. Ct. 1872) (“[T]here has been a publication by the plaintiffs of the pictures mentioned in the injunction. . . . [The defendants] have the right to reproduce the pictures that have been voluntarily given to the public.”); *see also id.* at 181–82 (argument of Roger A. Pryor, for defendants); 2 JAMES KENT, COMMENTARIES ON AMERICAN LAW 299 (1827) (when writings are “published with the author’s consent, they become common property, and subject to the free

David Dudley Field, who drafted the proposed New York Civil Code on which the California Civil Code was based,⁶ was familiar with these principles and incorporated them into the Civil Code. Section 980 provided that an author had “exclusive ownership” of a work, “so long as [it] remain[ed] in his possession.” However, section 983 provided that:

If the owner of a product of the mind intentionally makes it public, a copy or reproduction may be made public by any person, without responsibility to the owner, so far as the law of this State is concerned.

use of the community.”); 2 JAMES KENT, COMMENTARIES ON AMERICAN LAW *365 (12th ed. 1873) (O.W. Holmes, Jr., ed.) (same).

The same relationship between state common-law copyright and federal statutory copyright was carried forward in the 1909 Copyright Act, which remained in effect until January 1, 1978. *See, e.g., Caliga v. Inter Ocean Newspaper Co.*, 215 U.S. 182, 188 (1909); *National Comics Publications, Inc. v. Fawcett Publications, Inc.*, 191 F.2d 594, 598 (2d Cir. 1951); *Fleischer Studios, Inc. v. Ralph A. Freundlich, Inc.*, 73 F.2d 276, 277 (2d Cir. 1934).

⁶ Sections 980 and 983 of the California Civil Code, as originally enacted in 1872, are identical to sections 429 and 432 of the proposed Civil Code of the State of New York, which was drafted by Field. *See* 1 Civil Code of the State of New York 130-31 (Proposed Draft 1865); Bartholomew Lee, *The Civil Law and Field’s Civil Code in Common-Law California: A Note on What Might Have Been*, 5 West. Leg. Hist. 13, 26 (1992) (“Field’s 1865 draft of a proposed civil code for the State of New York became substantially the civil codes of the adopting states.”).

In other words, if the copyright owner published the work (or otherwise “intentionally ma[de] it public”), state-law copyright protection was divested.⁷

What was the “exclusive ownership” that a work enjoyed under state law prior to first publication? At the time Field drafted his proposed Civil Code, between 1857 and 1865,⁸ a copyright owner under federal law enjoyed only “the sole right and liberty of printing, reprinting, publishing, and vending” the work. Copyright Act of 1831, ch. 16, § 1, 4 Stat. 436 (1831).⁹ Similarly, the common-law protection afforded under state law consisted only of a right of first publication (reproduction and sale) of the work.¹⁰ This is confirmed by Civil Code

⁷ Why did Field use the phrase “intentionally made it public” rather than “intentionally published it”? At the time, there was a debate as to whether the public performance of a play had the same effect as a “publication” in divesting the common-law copyright in the work. Field may have intended to side with those authorities that held that public performance was sufficient to divest the common-law copyright in a work.

⁸ Lee, 5 West. Leg. Hist. at 25.

⁹ In the Copyright Act of 1870, Congress added the verbs “completing, copying, executing, [and] finishing” to the list, as well as “the right to dramatize or translate their own works.” Copyright Act of 1870, ch. 230, § 86, 16 Stat. 212.

¹⁰ GEORGE TICKNOR CURTIS, A TREATISE ON THE LAW OF COPYRIGHT 11 (1847) (“The right to multiply copies of what is written or printed, and to take therefor whatever other possession mankind are willing to give in exchange, constitutes the whole claim of literary property.”); *Woolsey v. Judd*, 11 How. Pr. 49, 55 (N.Y. Super. Ct. 1855) (common-law

section 983, which allowed anyone to make and distribute “a copy or reproduction” after the work was first “intentionally mad[e] public” by the owner.

In England, common-law copyright did *not* include any right of public performance.¹¹ An English statute enacted in 1833 gave the author of a dramatic work a statutory right of public performance. 3 Will. IV c. 15, § 1. In 1856, Congress likewise enacted a public performance right for dramatic works only (Act of Aug. 18, 1856, ch. 169, 11 Stat. 138), which was carried forward in the 1870 Copyright Act, ch. 230, § 86, 16 Stat. 212. Before 1856, there were no public

copyright is the right to decide “whether the manuscript shall be published at all; and in all cases to forbid its publication by another.”); *see also Palmer v. DeWitt*, 47 N.Y. 532, 536 (1872) (“The author of a literary work or composition has, by [common] law, a right to the first publication of it. He has a right to determine whether it shall be published at all, and if published, when, where, by whom, and in what form. This exclusive right is confined to first publication.”); *Parton v. Prang*, 18 F. Cas. 1273, 1277 (C.C.D. Mass. 1872) (describing “the exclusive right of property” in an unpublished work as the right to “forbid its publication by another before it has been published by him or by his consent or allowance,” and “to prevent another from multiplying copies of it or reproducing” it).

¹¹ *Murray v. Elliston*, 5 Barn. & Ald. 657 (Eng. 1822); *Coleman v. Wathen*, 5 T.R. 245 (Eng. 1793); *see also* CURTIS, at 104; *Palmer*, 47 N.Y. at 542 (“Until the passage in England of the statutes 3 and 4 William IV (chap. 15), an author could not prevent any one from publicly performing on the stage any drama in which the author possessed the copyright.”).

performance rights of any kind in the United States, for any types of works. As Prof. Jessica Litman has demonstrated, it was only *after* 1856 that authors who failed to qualify for the federal statutory copyright began to claim that there was a common-law right of public performance for unpublished works. Jessica Litman, *The Invention of Common Law Play Right*, 25 Berkeley Tech. L.J. 1381, 1403-09 (2010). The handful of cases decided before 1872, however, carefully distinguished the established right to make and sell copies (common-law copyright) from the newly-asserted right of public performance, and most rejected the notion that there was a common-law right of public performance.

A leading case was *Keene v. Kimball*, 82 Mass. 545 (1860), in which the actress Laura Keene claimed to be the assignee of the common-law copyright in the unpublished play *Our American Cousin*, which had been publicly performed frequently. She sought an injunction to prevent the defendant from performing the play at a competing venue. The court rejected the injunction, holding that the defendants could publicly perform the play so long as they did so from memory, without having made any copies of it:

It should perhaps be added, to avoid misconstruction, that we do not intend in this decision to intimate that there is any right to report, phonographically or otherwise, a lecture or other written discourse, which its author delivers before a public audience, . . . and to publish it without his consent, or to make any use of a copy thus obtained. The student who attends a medical lecture may

have a perfect right to remember as much as he can, and afterward to use the information thus acquired in his own medical practice, or to communicate it to students or classes of his own, without involving the right to commit the lecture to writing, for the purpose of subsequent publication in print, or by oral delivery. So any one of the audience at a concert or opera may play a tune which his ear has enabled him to catch, or sing a song which he may carry away in his memory, for his own entertainment or that of others, for compensation or gratuitously, while he would have no right to copy or publish the musical composition.

Id. at 551–52.¹² In so holding, the court relied on, but distinguished, *Keene v. Wheatley*, 14 F. Cas. 180 (C.C.E.D. Pa. 1861) (No. 7,644), in which the court specifically found that the defendants had not performed the play from memory, but from a copy surreptitiously obtained by breach of confidence. *Id.* at 207. Nonetheless, the court indicated that if the facts were otherwise, the defendants could publicly perform the play without restriction:

In the absence of any legislation for the special protection of dramatic literary property, an authorized public circulation of a printed copy of a drama for which there is a legislative copyright is a publication which legalizes an optional subsequent theatrical representation by anybody from such copy. . . .

If the previous performance of it [the play] at her theatre had been the means of enabling the defendants fairly to bring it out at their theatre, the suit could not have been maintained.

¹² Although *Keene v. Kimball* is dated “November Term 1860,” it must have been decided some months later, since it relies on *Keene v. Wheatley*, which was not decided until early in 1861.

Id. at 185, 187.¹³

In two other cases, the plaintiff was allowed to recover under the federal statutory right of public performance, where the playwright had registered the copyright in the manuscript, but had not yet published the work and deposited the published copies.¹⁴

Thus, when Field published his proposed Civil Code in 1865, and when California adopted its Civil Code in 1872, the phrase “exclusive ownership” referred to common-law copyright in an unpublished work, which was limited to the right to reproduce and sell copies of the work; and public performance could not be restrained except under the federal copyright statute, or when copies had been made or obtained in

¹³ See also *Crowe v. Aiken*, 6 F. Cas. 904, 907 (C.C.N.D. Ill. 1870) (No. 3,441) (“the mere representation of a play does not of itself dedicate it to the public, except, possibly, so far as those who witness its performance can recollect it.”). *Crowe* suggested in dicta that there probably was a common-law right of public performance, but ultimately rested its holding on the fact that the defendant had obtained his copy “through a short-hand reporter, or in some other unauthorized or wrongful way, and not by memory only.” *Id.*

¹⁴ *Roberts v. Myers*, 20 F. Cas. 898, 898 (C.C.D. Mass. 1860) (No. 11,906) (“The complainant claims as assignee of Boucicault, the author, who took out a copyright on the 12th of December, 1859.”); *Boucicault v. Fox*, 3 F. Cas. 977, 977 (C.C.S.D.N.Y. 1862) (No. 1,691) (“On the 12th of December, the plaintiff took out a copyright for the play.”); *id.* at 981 (“the statute upon which the plaintiff rests for protection, and upon which his suit is founded . . . is the act of August 18th, 1856 (11 Stat. 138).”).

violation of the common law.¹⁵ The phrase “exclusive ownership” in Civil Code section 980 has been carried forward without change to this day. The plaintiff’s suggestion that the Legislature changed the meaning of the words “exclusive ownership” by amendment, without changing the words themselves, is implausible and should be rejected.

II. FOR 75 YEARS, IT HAS BEEN CONSIDERED SETTLED LAW THAT THERE IS NO COMMON-LAW PUBLIC PERFORMANCE RIGHT FOR SOUND RECORDINGS.

Since the dawn of radio broadcasting, performers and record companies have sought to establish a right to exclude others from publicly performing their sound recordings. *See generally* Kevin Parks, MUSIC AND COPYRIGHT IN AMERICA: TOWARD THE CELESTIAL JUKEBOX 101–137 (2012). Early answers to the question were split, with Pennsylvania recognizing a common-law right of public performance, *see Waring v. WDAS Broadcasting System*, 194 A. 631 (Pa. 1937), and

¹⁵ Treatise writer Ethan Drone was the first to posit (in 1879) that there was a full-blown common-law right of public performance. Litman, 25 Berkeley Tech. L.J., at 1410-17. “Drone, did not, however, rely on judicial reasoning to tell him what the law was. Rather, he derived what the law should be from first principles of natural law, and then criticized the cases that departed from it.” *Id.* at 1411. The fact that some courts later accepted Drone’s view, and that *Keene v. Kimball* was overruled by the Massachusetts Supreme Court in 1882, could not have been known to the California Legislature when it adopted the Civil Code in 1872.

three states (North Carolina, South Carolina, and Florida) enacting statutes prohibiting recognition of such a right. *See* Barbara A. Ringer, Copyright Law Revision Study No. 26, *The Unauthorized Duplication of Sound Recordings* 8–9 & n.79 (1957).¹⁶ In 1940, the Second Circuit (per Judge Learned Hand) decided *RCA Manufacturing Co. v. Whiteman*, 114 F.2d 86 (2d Cir. 1940), *cert. denied*, 311 U.S. 712 (1940), which questioned the existence of a common-law right of public performance, and held that even assuming such a right existed, any such right was divested when the sound recordings were first sold to the public, notwithstanding the restrictive legend on some of the records “Not Licensed for Radio Broadcast.” 114 F.2d at 88.¹⁷

¹⁶ Two of those statutes are still in effect. *See* N.C. Gen. Stat. Ann. § 66-28; S.C. Code § 39-3-510. Although Florida repealed its statute effective July 1, 1977, a federal district court in Florida recently refused to recognize a public performance right in sound recordings under Florida common law. *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 114 U.S.P.Q.2d (BNA) 1997 (S.D. Fla. June 22, 2015).

¹⁷ “[T]he monopoly of the right to reproduce the compositions of any author—his ‘common-law property’ in them— was not limited to words; . . . and for the purposes of this case we shall assume that it covers the performances of an orchestra conductor. . . . [If so, w]e think that the ‘common-law property’ in these performances ended with the sale of the records and that the restriction did not save it; and that if it did, the records themselves could not be clogged with a servitude.” *Id.* at 88.

Although *Whiteman* was technically decided as a matter of New York law, “when the Supreme Court refused to hear the case on December 16, 1940, it became official: Judge Hand’s opinion was [accepted as] the last word on the legality of broadcasting sound recordings.” Parks at 121. *See also* Robert L. Bard & Lewis S. Kurlantzick, *A Public Performance Right in Recordings: How to Alter the Copyright System Without Improving It*, 43 Geo. Wash. L. Rev. 152, 155 (1974) (“The last reported case involving purported common law performing rights was *R.C.A. Mfg Co. v. Whiteman.*”). Instead, “performers refocused their efforts from the courts to Congress. No fewer than six bills were introduced between 1942 and 1951; they were designed to bring recordings under the copyright statute.” Parks at 123. All such efforts failed. Indeed, by the 1950s, the economics of the music industry were such that record companies paid broadcasters to play their recordings, rather than vice versa, in order to promote the sales of records. *Id.* at 137; Bard & Kurlantzick, 43 Geo. Wash. L. Rev. at 155.

In 1947, California amended Civil Code section 980 to read as follows:

The author or proprietor of any composition in letters or art has an exclusive ownership in the representation or expression thereof

as against all persons except one who originally and independently creates a same or similar composition.¹⁸

At the same time, it amended Civil Code section 983 to read:

If the owner of a composition in letters or art publishes it, the same may be used in any manner by any person, without responsibility to the owner insofar as the law of this State is concerned.

The change to section 983, from “intentionally makes it public” to “publishes it,” was intended to make it clear that only “publication” — the reproduction and sale of copies of a work — would divest common-law copyright, and that mere public performance or display, by itself, would not divest common-law copyright.¹⁹ This is perfectly consistent

¹⁸ The restriction in section 980 “as against all persons except one who originally and independently creates a same or similar composition” was not new. Independent creation has always been a defense to both federal and statutory copyright, as was recognized in the 1872 version of Civil Code section 984. The substance of former Civil Code section 984 was merely transferred to and combined with section 980. *See* Office of Legislative Counsel, Report on Assembly Bill No. 566, June 28, 1947, at 2 (“Section 984 is repealed but present provisions of this section that ownership of a product of the mind shall be protected against everyone except one originally producing the same are retained, as to compositions in letters and art.”). The other change was changing “any product of the mind” to “any composition in letters or art,” thereby “excluding such other intellectual products as inventions from protection under this chapter.” *Id.* at 1. The 1949 amendment reinstated trade secret protection for inventions and designs, while redesignating existing section 980 as section 980(a).

¹⁹ *See* Office of Legislative Counsel, Report on Assembly Bill No. 566, June 28, 1947, at 2 (“Exhibition or performance under conditions which

with *Whiteman*, which had held that the sale of phonograph records divested any common-law performance rights which might be thought to exist in those sound recordings.

Plaintiff contends that *Whiteman* was later overruled as a matter of New York law, citing, *inter alia*, *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955). That case is distinguishable, because it involved only the common-law right “to copy and sell” records that had been lawfully made. *Id.* at 663. It said nothing about whether the common-law copyright in such recordings included a public performance right.²⁰ Moreover, because the definition of “publication” is a matter of state law, subsequent developments in New York are irrelevant; the only thing that matters is what the California Legislature meant in 1947 when it used the words “publishes it.” And the only information we have about the intent of the

imply no right to make copies are not held to be publication under these [case law] precedents, although they may constitute a making public under present law.”).

²⁰ Likewise, the other two precedents cited from the state of New York also involved only the right to make and sell recordings, and did not say anything about a purported common-law right to perform sound recordings. See *Metropolitan Opera Ass’n v. Wagner-Nichols Recorder Co.*, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff’d*, 107 N.Y.S.2d 795 (App. Div. 1951) (right to record, reproduce and sell copies of opera performances broadcast on the radio); *Capitol Records, Inc. v. Naxos of America, Inc.*, 797 N.Y.S.2d 352 (2005) (right to copy and sell CDs of recordings made in England in the 1930s).

Legislature in 1947 is that it wanted to codify existing case law on the issue, which was *Whiteman*.

In 1971, as a condition of getting federal copyright protection against unauthorized duplication and sale of recordings made on or after February 15, 1972, record companies grudgingly accepted the fact that such federal protection would likewise *not* include any public performance right. *See* Sound Recording Amendments Act of 1971, Pub. L. No. 92-140, § 1, 85 Stat. 391. Congress expressly had considered enacting a public performance right for sound recordings; a previous version of the bill “encompass[ed] a performance right so that record companies and performing artists would be compensated when their records were performed for commercial purposes,” but the public performance right was deliberately removed from the final legislation. H.R. Rep. 92-487, at 3 (1971), *reprinted in* 1971 U.S.C.C.A.N. 1566, 1568. This restriction was later codified in Section 114(a) of the 1976 Copyright Act: “The exclusive rights of the owner of copyright in a sound recording . . . do not include any right of performance under section 106(4).” 17 U.S.C. § 114(a). Had record companies believed at the time that they had a right of public performance under state law, it is highly doubtful that they would have accepted a federal law that divested them of any such rights for sound recordings made on or after February 15, 1972.

It is against this historical backdrop that section 980 was amended most recently, in 1982. The purpose of the amendment was to limit the subject matter of that section to those works that were not preempted by the 1976 Copyright Act; namely, improvised works not yet fixed in a tangible medium of expression (section 980(a)(1)), and sound recordings made before February 15, 1972 (section 980(a)(2)). The provisions of former section 983 relating to copyrightable works were repealed, because it was no longer necessary to specify that state-law protection would terminate upon first publication. For unfixed works, state-law would terminate as soon as they were fixed (i.e., permanently recorded); and for pre-1972 sound recordings, Congress chose to allow states to protect them against unauthorized reproduction and sale even after “publication” had occurred. There is no indication anywhere in the legislative history that the California Legislature intended to change the meaning of “exclusive ownership,” which had never included a public performance right, or that it intended to create a public performance right for sound recordings where none had existed before.

If, as plaintiffs contend, the phrase “exclusive ownership” in section 980 was meant to include a public performance right in sound recordings in California, why did recording companies publicly complain

for decades, both before and after the 1982 amendments, that they did *not* have a public performance right in their recordings?²¹ Their silence in asserting such a right, and their vehement public protests about the unfairness of not having such a right, ought to be conclusive on the question of whether such a right existed.

III. APPLYING A PUBLIC PERFORMANCE RIGHT UNDER CALIFORNIA LAW TO NATIONAL BROADCASTERS WOULD IMPROPERLY EXTEND CALIFORNIA LAW TO PERFORMANCES OCCURRING WHOLLY OUTSIDE THE BORDERS OF THE STATE.

Pandora uses the Internet to carry its broadcasts to listeners. While Pandora may be able to use geolocation tools to estimate where many of its listeners are located, such tools are imperfect and easily circumvented. More importantly, if this Court were to recognize a public performance right under California law for the first time, its ruling would not be confined to Pandora and other Internet broadcasters. It would necessarily also apply to every radio and television network and broadcast station whose signal reaches listeners

²¹ The history of recording industry testimony in Congress about the lack of an existing public performance right for sound recordings is well-documented in Pandora's brief. That the recording companies were referring to pre-1972 sound recordings as well as more recent ones is demonstrated by the example that the RIAA chose to illustrate the issue: Bing Crosby's classic 1942 recording of "White Christmas." Report of the Register of Copyrights, *Copyright Implications of Digital Audio Transmission Services*, Appendix at 17 (Oct. 1991).

located in California. But broadcast signals cannot be confined to the borders of a particular state, so such broadcasters are unable to tailor their signal so that it reaches only listeners who live outside of California. In order to comply with California law, broadcasters would be required to refrain from performing pre-1972 sound recordings, which would interfere with their First Amendment rights to communicate with listeners who live outside of California. As this Court recently recognized in *Sam Francis Foundation v. Christie's, Inc.*, 784 F.3d 1320 (9th Cir. 2015) (*en banc*), application of California law to transactions located wholly outside of California violates the dormant Commerce Clause. *See also Whiteman*, 114 F.2d at 89–90 (refusing to issue an injunction based on Pennsylvania law, because broadcast signals could not be confined to Pennsylvania); *Bard & Kurlantzick*, 43 Geo. Wash. L. Rev. at 157 (“since radio and television broadcasters are the predominant public performers of recorded music[,] the disruption of interstate commerce attributable to state recognition of a record public performance right would be considerably more severe than that to be expected from state anti-piracy legislation.”).

As the district court in a companion case in New York acknowledged, “the conspicuous lack of any jurisprudential history confirms that not paying royalties for public performances of sound recordings was an accepted fact of life in the broadcasting industry for the last century.” *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 62 F. Supp. 3d

325, 340 (S.D.N.Y. 2014). Imposing an obligation to pay such royalties now, retroactively, on a state-by-state basis, would be incredibly disruptive to the broadcast industry, and would improperly extend California law outside of the borders of California. If such a drastic change in the *status quo* is to occur, it should be done prospectively, on a nationwide basis, by Congress, as the Register of Copyrights has recommended. Report of the Register of Copyrights, *Federal Copyright Protection for Pre-1972 Sound Recordings* (Dec. 2011). Plaintiffs' frustration with Congressional inaction is not a sufficient reason to recognize public performance rights under California law retroactively, eight decades after broadcasting was invented.

CONCLUSION

For 75 years, performers and record companies alike accepted *Whiteman* as the law and testified in Congress that they lacked a public performance right in sound recordings. With one limited exception, Congress has resisted all invitations to enact a public performance right in sound recordings. It is only dissatisfaction with Congress' judgment that has led sound recording copyright owners to try once again to get this Court to recognize a public performance right under state law. When viewed in historical context, however, it is clear that Civil Code section 980(a)(2) refers only to the common-law right to reproduce and sell sound recordings that were left unprotected by federal law. There

is no evidence that Civil Code section 980 was ever viewed as encompassing an exclusive right to publicly perform sound recordings.

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DATED: September 9, 2015

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