IN THE SUPREME COURT OF FLORIDA

CASE NO. SC16-1161

FLO & EDDIE, INC., etc.,

Appellant,

v.

SIRIUS XM RADIO, INC., et al.,

Appellees.

INITIAL BRIEF BY FLO & EDDIE, INC.

ON CERTIFIED QUESTIONS FROM THE
UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT
CASE NO. 15-13100

Angel A. Cortiñas, Esquire
Jonathan H Kaskel, Esquire
GUNSTER
Appellate Counsel for Flo & Eddie, Inc.
600 Brickell Avenue
Suite 3500
Miami, Florida 33131

Henry Gradstein, Esquire
Maryann R. Marzano, Esquire
GRADSTEIN & MARZANO, P.C.
Counsel for Flo & Eddie, Inc.
6310 San Vicente Boulevard,
Suite 510
Los Angeles, California 90048

TABLE OF CONTENTS

TABLE OF CITATIONS

Cases

Florida Constitution, Statutes, and Rules

United States Code and Laws & English Statutory Law

Secondary Sources

STATEMENT OF THE CASE AND FACTS[1]

I. Introduction and Basis of Jurisdiction

This case involves issues of first impression concerning Florida's common law copyright protections and property interests in sound recordings made prior to February 15, 1972 ("pre-1972 recordings"). At issue is whether Florida common law affords a copyright or other property interest in broadcasting (that is, publicly performing) and reproducing sound recordings and whether, by selling one record, the owner of the sound recording forever forfeits his or her exclusive copyright and property interest in performing or reproducing that record.

Flo & Eddie, Inc. ("Flo & Eddie"), individually and on behalf of others similarly situated, brought an action in the U.S. District Court for the Southern District of Florida against Appellee Sirius XM Radio, Inc. ("Sirius XM") based on Florida common law copyrights and Florida laws governing unfair competition, conversion, and civil theft. Docs. 1, 35. Federal copyright law, 17 U.S.C., §§ 101 et seq., governs and preempts state copyright law in all post-1972 sound recordings, but expressly excludes from its ambit and preemption, and reserves to the states, copyrights in pre-1972 sound recordings.

Without obtaining any license or other right to do so from Flo & Eddie,

[1] Unless otherwise indicated, all emphasis is added. "Doc. [#]" is the document number from the U.S. District Court included in the Record on Appeal.

Sirius XM, as part of its ongoing multi-billion dollar business, broadcasted sound recordings by Flo & Eddie as well as other pre-1972 recordings every day to its more than 28 million paying customers.[2] Docs. 94 at 5, 94-1 ¶¶ 16-19, 94-19, 94-20, 94-21, 94-22, 95 ¶ 74. Additionally, and again without any license or right to do so from Flo & Eddie, Sirius XM digitally reproduced portions of Flo & Eddie's recordings in connection with its broadcasting of the records. Docs. 94 at 4, 94-1 ¶¶ 9-15, 94-12, 94-13, 94-14, 94-15, 94-16, 94-17, 94-18, 95 ¶¶ 67-72. It is undisputed that Sirius XM's performance of Flo & Eddie's records was not an oversight, but rather a calculated business decision not to pay Flo & Eddie for the use of its records.

Copyright law in the United States has historically consisted of a dual system of federal and state protections, with common law copyrights being "at least co-extensive with the rights commanded under the Copyright Act." *See* 1 Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 2.02 (2009); 2 Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 8C.02 (Matthew Bender, ed., 2016). "Common law copyright thus protects against unauthorized

[2] It is undisputed that, as a matter of law, playing or broadcasting a recorded song over terrestrial radio and satellite radio and transmitting a recorded song over the Internet constitutes a "performance" of the sound recording being broadcast. *SoundExchange, Inc. v. Librarian of Cong.*, 571 F.3d 1220, 1222 (D.C. Cir. 2009) (terrestrial and satellite radio); *Bonneville Int'l Corp. v. Peters*, 153 F. Supp. 2d 763, 766 n.3 (E.D. Pa. 2001) (Internet transmission).

reproduction of copies or phonorecords, unauthorized distribution by publishing or vending, and unauthorized performances." Nimmer on Copyright § 8C.02.

Recognizing that Florida law, and not federal copyright law, governs the disposition of this case, the U.S. Court of Appeals for the Eleventh Circuit issued four certified questions to this Honorable Court concerning Florida law:

> 1. 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?
>
> 2. 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 either or both of the exclusive right of public performance and the exclusive right of reproduction?
>
> 3. 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?
>
> 4. 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., 2016 WL 3546433, at *6 (11th Cir. 2016). This Court has jurisdiction. *See* Fla. R. App. P. 9.030(a)(2)(c).

II. Statement of the Facts

A. Flo & Eddie Performed and Recorded Iconic Music in the 1960s.

The Turtles are a legendary American rock band originally formed in 1965 by six teenagers based in Southern California, Mark Volman ("Flo"), Howard Kaylan ("Eddie"), Don Murray, Al Nichol, Charles Portz, and Jim Tucker. Almost immediately after the band formed, The Turtles achieved breakthrough success with their performances of the Bob Dylan song "It Ain't Me Babe" (1965) and "You Baby" (1966). Docs. 97-1 ¶¶ 2-3, 95 ¶ 52. The Turtles' success continued with the iconic hit performance of "Happy Together" (1967) and with their recordings of "She'd Rather Be With Me" (1967), "Elenore" (1968), and "You Showed Me" (1969). *Id*.; *see* Doc 142 at 1.

Since 1971, Messrs. Volman and Kaylan, individually and through Flo & Eddie, have owned and controlled all master recordings of The Turtles. Doc. 142 at 1. Flo & Eddie has exercised its ownership of The Turtles' recordings by, among other things, licensing the rights to make and sell records, licensing the rights for The Turtles' recordings to be used in movies, television shows, and commercials, and licensing the recordings to be sold digitally, including through the iTunes Music and Amazon stores, among others. *See id*. at 2, Docs. 97-1 ¶¶ 4-7, 95 ¶¶ 53-60). Flo & Eddie has also devoted significant time and effort to promoting The Turtles and their music, including by headlining summer tours such

as the "Happy Together Tour" featuring The Turtles and other musical groups from the 1960s. *See* Docs. 97-1, ¶¶ 4-7, 95 ¶¶ 53-60.

B. Sirius XM's Commercial Use of Pre-1972 Recordings

Sirius XM, as the largest radio broadcaster in the United States, broadcasts music and other programming through its satellite and Internet channels[3] to more than 28 million subscribers who pay from $9.99 to $18.99 per month to access Sirius XM's content, including channels dedicated exclusively to music recorded in the 40s, 50s, 60s, and 70s. *See* Docs. 94 at 3-4, 94-1 ¶¶ 1-8, 94-9, 94-10, 94-11, 95 ¶¶ 61-65. Although pre-1972 recordings, including the iconic recordings of The Turtles and others, have comprised a significant part of Sirius XM's satellite and Internet radio business,[4] Sirius XM made a calculated business decision not to obtain licenses or pay royalties to copy and perform these recordings for its paying customers.

As an integral part of its satellite and Internet radio programming business, it is undisputed that Sirius XM publicly performed and reproduced pre-1972

[3] Sirius XM does not broadcast using traditional terrestrial radio.

[4] According to *Rolling Stone*, 305 of the 500 greatest songs of all time were pre-1972 recordings, including 9 of the top 10. 500 *Greatest Songs of All Time*, Rolling Stone (Apr. 7, 2011), available at http://www.rollingstone.com/music/lists/the-500-greatest-songs-of-all-time-20110407. As of 2015, 83% of sound recordings inducted into the Grammy Hall of Fame, which honors "recordings of lasting qualitative or historical significance," and includes The Turtles' "Happy Together," were created prior to 1972. *See* https://www.grammy.org/recording-academy/awards/hall-of-fame.

recordings, including recordings of performances by The Turtles. Docs. 94 at 5, 94-1 ¶¶ 16-19, 94-19, 94-20, 94-21, 94-22, 95 ¶ 74. In addition to performing The Turtles' recordings to its satellite radio and Internet customers, Sirius XM also performed The Turtles' songs for Dish Network users and other partners who operate similar networks for delivering content to end users for profit. *Id*. It is also undisputed that, in connection with each of its performances of The Turtles' recorded songs, Sirius XM reproduced in Florida at least two (2) partial copies of The Turtles' songs performed. Docs. 94 at 4, 94-1 ¶¶ 9-15, 94-12, 94-13, 94-14, 94-15, 94-16, 94-17, 94-18, 95 ¶¶ 67-72. Sirius XM describes these copies as "buffer copies," which are up to 20 seconds long. *Id*.; Doc. 142 at 3.

C. Related Litigation in California and New York

As a result of Sirius XM's conduct, Flo & Eddie, on behalf of itself and others similarly situated, has filed companion class action lawsuits in the federal courts in California (August 1, 2013) and New York (August 16, 2013) to enforce pre-1972 copyright and state law protections. *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, CV-13-05693; *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 13-CIV-5784. The federal District Court in California granted summary judgment in favor of Flo & Eddie based on the undisputed evidence in that case, finding that, by performing Flo & Eddie's records, Sirius XM infringed Flo & Eddie's copyrights and engaged in unfair competition under California's statutes, as well as violated

its laws governing misappropriation and conversion. *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 2014 WL 4725382 (C.D. Cal. Sept. 22, 2014). The U.S. District Court in California also determined that a disputed issue of fact existed concerning whether Sirius XM also violated Flo & Eddie's state copyrights by reproducing the copyrighted recordings in buffered copies. *Id*. The putative class was certified in the California case and the case is presently set for a trial on damages.

Flo & Eddie similarly prevailed before the U.S. District Court in New York. *Flo & Eddie, Inc. v. Sirius XM Radio, Inc*., 62 F. Supp. 3d 325 (S.D.N.Y. 2014), which found that, by performing and reproducing Flo & Eddie's recordings, Sirius XM violated Flo & Eddie's New York common law copyrights and New York's unfair competition laws.[5] *Id*. After denial of Sirius XM's motion for reconsideration,[6] Sirius XM appealed the District Court's decision to the U.S. Court of Appeals for the Second Circuit, which, in turn, determined that the New York Court of Appeals had not opined on whether "New York common law affords copyright holders the right to control the performance of sound recordings

[5] In so doing, the U.S. District Court in New York denied Sirius XM's motion for summary judgment against Flo & Eddie based on the undisputed evidence in that case.

[6] In denying Sirius XM's motion for reconsideration, the New York District Court specifically addressed and forcefully rejected Sirius XM's meritless reliance on a case from the U.S. Court of Appeal for the Second Circuit, *RCA Manufacturing Co. v. Whiteman*, 114 F.2d 86 (2d Cir. 1940) ("*Whiteman*"), on grounds that the case did not support Sirius XM's legal position and was irrelevant in any event because it had been expressly overruled.

as part of their copyright ownership."[7] Accordingly, the Second Circuit certified the following question to the New York Court of Appeals: "Is there a right of public performance for creators of sound recordings under New York law and, if so, what is the nature and scope of that right?" *Id*. at 272. Sirius XM has filed its brief before the New York Court of Appeals and Flo & Eddie's responsive brief is due on September 19, 2016.

In addition to Flo & Eddie, other copyright holders have sued Sirius XM for copyright infringement in connection with its unlicensed and unpaid use of pre-1972 recordings. In September 2013, several major record labels, including Capitol Records, Sony Music Entertainment, and Warner Music Group, who hold the rights to many pre-1972 sound recordings, sued Sirius XM in California state court, bringing claims for copyright infringement under California state law. *Capitol Records, LLC v. Sirius XM Radio Inc.*, No. BC-520981 (Cal. Super. Ct.). Despite Sirius XM's steadfast refusal to recognize Flo & Eddie's copyright and property rights in The Turtles' pre-1972 recordings, in June 2015, Sirius XM settled that lawsuit with the record companies and agreed to pay $210 million in exchange for the right to use the plaintiffs' pre-1972 sound recordings until December 31, 2017. U.S. SEC, Form 8-K (06/26/15), Registrant: Sirius XM

[7] In its opinion, the Second Circuit also concluded that the case before it was not controlled by its prior decision in *Whiteman. Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 821 F.3d 265, 270 n.3 (2d Cir. 2016).

Holdings, Inc., https://www.sec.gov/Archives/edgar/data/908937/000093041315002915/c81845_8k.htm. Sirius XM also received the right to negotiate a license with the record labels to reproduce, perform, and broadcast the pre-1972 recordings after January 1, 2018. According to Sirius XM in its annual securities filing, the settlement purports to apply to "approximately 85% of the pre-1972 recordings [Sirius XM] ha[s] historically played." U.S. SEC, Form 10-K (02/02/16), Registrant: Sirius XM Holdings, Inc., https://www.sec.gov/Archives/edgar/data/908937/000156459016012174/siri-10k_20151231.htm. In addition to its settlement with the major record labels, Sirius XM also disclosed that it "entered into certain direct licenses with other owners of pre-1972 recordings, which in many cases include[d] releases of any claims associated with our use of pre-1972 recordings." *Id*.

Sirius XM, however, has paid Flo & Eddie nothing and has refused to even recognize its copyright and property interests in The Turtles' pre-1972 recordings.

D. Music Industry Changes Giving Rise to the Flo & Eddie and Sirius XM Litigation

Two unprecedented changes have occurred in the music recording industry over the past 15 years: first, a transition from physical sales of phonorecords and albums to digital Internet sales of singles; and second, a transition from digital music downloads to digital music streaming.

In the early 2000s, Napster and other peer-to-peer file sharing programs facilitated the copying and instantaneous dissemination of sound recordings worldwide for free, thereby significantly diminishing the market for physical records in the form of compact discs (CDs) and cassette tapes. At its peak, Napster had approximately 80 million registered users, copying and downloading music for free on a daily basis. Between 2000 and 2002, domestic sales (in physical units) of CDs fell by nearly 15 percent, domestic sales of cassettes fell by 56 percent, and the growing market for CD singles plummeted by 86 percent. *See* Recording Indus. Ass'n of Am., Year End Statistics, 1989-2007, http://www.icce.rug.nl/~soundscapes/VOLUME02/Trends_and_shifts_Appendix.shtml.

The last five years introduced another paradigm shift in the consumption of music and in the economics of the music industry - the introduction of digital streaming services. Streaming services do not require a user to purchase any specific song in order to play it - rather, a user pays a monthly subscription fee to a digital radio provider, such as Sirius XM or Pandora, and listens to a channel playing any type of music he or she selects. Alternatively, a user can pay a monthly subscription fee to an "on demand" service like Spotify or YouTube and select any song from a catalog of millions, which can be played via an Internet connection. The use of streaming services has increased exponentially every year since they were introduced. Nielsen, 2016 U.S. Music Mid-Year Report

(07/07/16), http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2016-reports/us-mid-year-report-july-2016.pdf. According to Nielsen's SoundScan statistics, listeners "streamed" 208.9 billion songs between January and July of 2016 alone—an increase of 58.7 percent over the same time period in 2015. Expectedly, over the same respective time periods, physical and digital album sales declined by 11.6%, and 18.4%. *Id*.

Federal copyright laws require digital streaming services, such as Sirius XM, to pay royalties for performing and streaming post-1972 records. Thus, today's recording artists have been able to "offset the decline in both digital download and physical sales" by the significant rise in streaming services and corresponding royalty revenues. Ben Sisario, Universal Music Posts Strong Results, and Streaming is a Bright Spot, N.Y. Times (09/02/15). In contrast, pre-1972 recordings, such as those from The Turtles, are expressly carved out from federal copyright laws and, instead, are protected only by state laws, including common law copyright protections and prohibitions against unfair competition, conversion, and civil theft. Without royalty revenues from streaming services, artists who made pre-1972 sound recordings would be left uncompensated by Sirius XM and others for its use of the artists' pre-1972 works.

III. Statement of the Case

On September 3, 2013, Flo & Eddie filed a class action complaint in the

U.S. District Court for the Southern District of Florida. Doc. 1. The Amended Complaint asserted claims against Sirius XM for (1) common law copyright infringement; (2) unfair competition; (3) conversion; and (4) civil theft under Section 772.11, Florida Statutes for violations of Section 812.014, Florida Statutes. Doc. 36. After engaging in discovery, Sirius XM moved for summary judgment. The District Court granted summary judgment in Sirius XM's favor, finding that because no copyright in the performance of a sound recording was afforded by Florida Statutes and there was no decisional law explicitly articulating such a right under Florida's common law, the District Court would ostensibly be "creating a new property right" if it found such a common law copyright to exist. Doc. 142 at 9. Additionally, based on federal cases applying federal copyright law, and not Florida law, the District Court found that, as a matter of law, the buffer copies of The Turtles sound recordings of up to 20 seconds were not unlawful reproductions because they were not full copies of the sound recordings.[8] *Id*. at 10. Finally, the District Court determined that Flo & Eddie's remaining claims under Florida law for unfair competition, conversion, and civil theft were based on Florida common law copyright and, therefore, were not sustainable in its absence. *Id*. at 11.

[8] Additionally, because federal copyright law expressly authorized the states to govern pre-1972 recordings, the District Court rejected Sirius XM's argument that, if Flo & Eddie had a common law copyright in the performance of the sound recordings, the dormant commerce clause would have precluded state regulation over pre-1972 recordings. *Id*.

Flo & Eddie appealed the District Court's summary judgment decision to the U.S. Court of Appeals for the Eleventh Circuit. Contrary to the District Court, which had concluded that the absence of Florida case law concerning a Florida common law copyright to the performance and reproduction of a sound recording *ipso facto* meant that no such right existed, the Eleventh Circuit determined that the paucity of case law merely required the court to ascertain and answer the questions certified to this Honorable Court concerning the existence and nature of Florida's common law. *Flo & Eddie, Inc*., 2016 WL 3546433 at *6. Moreover, the District Court's determination that no Florida decision recognized a common law copyright to the performance of sound recordings was severely undercut by the Eleventh Circuit's discussion of this Court's 1943 decision in *Glazer v. Hoffman*, 16 So. 2d 53 (Fla. 1943), discussed in detail *infra* at 16-17, which, according to the Eleventh Circuit, presented "a significant argument that Florida's common law may recognize a common law property right in sound recordings." *Id*. at 3.

Florida's common law exists and derives by statute from the English common law as of July 3, 1776. § 2.01, Fla. Stat. (2016); *Stone v. Wall*, 734 So. 2d 1038, 1043 (Fla. 1999). Section 2.01, Florida Statutes (2016), provides:

> The common and statute laws of England which are of a general and not a local nature, with the exception hereinafter mentioned, down to the 4th day of July, 1776, are declared to be of force in this state; provided, the said statutes and common law be not inconsistent with the Constitution and laws of the United States and the acts of the Legislature of this state. [*Id.*]

By its nature, Florida's common law, unless and until it is modified by statute or the Constitution, is an evolving body of law intended to protect essential rights and to provide a remedy when those rights are violated. *Cason v. Baskin*, 20 So. 2d 243 (Fla. 1944).

> The common law has shown an amazing vitality and capacity for growth and development. This is so largely because the great fundamental object and principle of the common law was the protection of the individual in the enjoyment of all his [and her] inherent and essential rights and to afford him [and her] a legal remedy for their invasion. [*Id*.]

Because the Eleventh Circuit concluded that no decision of this Court was directly on point, it certified four questions to this Honorable Court, which in substance are: (1) whether there exists Florida common law copyright in the performance and reproduction of a sound recording; (2) if a common law copyright exists, whether the copyright is lost through the sale of the sound recording in phonograph records; (3) if a common law copyright exists, whether the creation of buffer copies, as Sirius XM undisputedly created, infringed the copyright; and (4) if no common law copyright exists or it existed but was divested by publication, whether Flo & Eddie may bring causes of action under Florida law based on unfair competition, conversion, or civil theft.[9] *Id*. at *6.

[9] The Eleventh Circuit suggested that this Honorable Court might leave to be decided by the District Court in the first instance how to address the non-copyright state law claims. *Flo & Eddie, Inc*., 2016 WL 3546433 at *6 n.7.

SUMMARY OF THE ARGUMENT

Under this Court's existing precedent, which is in accord with the common law of other states that have addressed the issue, Flo & Eddie has an exclusive Florida common law copyright to perform and reproduce its musical recordings. The existence of Florida's common law copyright in sound recordings is further supported by the Legislature's enactment of Sections 543.02 and 543.03, Florida Statutes (1941), which expressly determined that such a copyright existed, and its abrogation of these sections in 1977. Moreover, Flo & Eddie did not forfeit its common law copyright by selling records.

Additionally, under Florida law, claims for unfair competition, conversion, and civil theft of a sound recording, that are grounded on constitutionally protected property interests under Florida's very broad definition of property as "anything of value," exist independently from Florida's common law copyright to perform and reproduce a sound recording.

Finally, under Florida law, by creating buffer copies of Flo & Eddie's sound recordings, Sirius XM has violated Flo & Eddie's copyright in the reproduction of its sound recordings, irrespective of the duration of the copy.

ARGUMENT

I. The History of Florida Law's Protection of Recordings of Musical Performances

A. Common Law Copyrights in Recordings of Musical Performances

In 1943, this Court in *Glazer*, 15 So. 2d 53, addressed whether the plaintiff in that case, a magician, had a Florida common law exclusive copyright in the performance of a magic trick and, if so, whether, by performing the magic trick to the public, his copyright was divested. *Id*. at 55. The Court 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." *Id*.[10] Similarly, in *Schleman v. Guar. Title Co*., 15 So. 2d 754, 760 (Fla. 1943), a case decided the same year as *Glazer*, the Court explained, in pertinent part:

> **There can be no doubt but that 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. This right is exclusive as against the world. It is**

[10] After recognizing that a common law copyright may exist, the Court determined in *Glazer* that, under the specific facts of that case, the magician-plaintiff had lost any common law copyright he may have had in the performance of his magic act by repeatedly performing the act for the public. *Id*. at 55-56. Unlike performances of magic, however, pre-1972 sound recordings have always been categorically excluded from the notion that "publication" divests the common law copyright in pre-1972 sound recordings. Additionally, the issue in *Glazer*, where one magician performed for an audience the magic trick of another magician is entirely distinct, legally and factually, from a musician broadcasting to or playing for an audience the performance of another musician. *See, e.g*., *Waring*, 194 A. at 633-34 n.2. Moreover, as discussed *infra* at 27-38, sound recordings, as a matter of law, are not "published" when they are sold by the artist or publicly performed by the artist.

> **an intangible incorporeal right that exists separate and apart from the property in the paper on which the production is written, or the physical substance of which it is embodied.** [*Id*.]

In addressing the plaintiff-magician's claim that the performance of his magic trick was protected by common law copyright, this Court recognized the principle of law articulated in the seminal Pennsylvania Supreme Court case of *Waring v. WDAS Broadcasting Station, Inc.*, 194 A. 631 (Pa. 1937) that the common law afforded a copyright in sound recordings, explaining:

> **A musical composition in itself is an incomplete work; the written page evidences only one of the creative acts which are necessary for its enjoyment; it is the performer who must consummate the work by transforming it into sound. If, in so doing, he [or she] contributes by his [or her] interpretation something of novel intellectual or artistic value, he [or she] has undoubtedly participated in the creation of a product in which he [or she] is entitled to a right of property, which in overlaps or duplicates that of the author in the composition.**

Id; *Recording Industry Ass'n of Am., Inc. v. Librarian of Congress*, 608 F.3d 861, 863 (D.C. Cir. 2010) (every song consists of two copyrights: "the notes and lyrics of the song as they appear on sheet music," and "the recorded musical work performed by a specific artist" or group of artists.").

As explained *infra*, the Court's analysis concerning the existence of a Florida common law copyright in a performance is entirely in accord with court decisions in other states, which have analyzed the common law of their states—

also derived from English common law[11]—and found an exclusive right in performance of a sound recording. The Pennsylvania Supreme Court, in *Waring*, was one of the first American courts to discuss in detail whether the common law copyright protections imported from England included the performance of recorded music. *See Waring*, 194 A. at 633–35. The *Waring* court concluded that a copyright in the performance of a record existed under common law. *Id*.

The court in *Waring* explained that the issue of copyrights in sound recordings had received little attention historically because the technology had not previously existed to record a performance, and thereby convert the performance from being temporary and fleeting to permanent and reproducible, and, therefore, able to be "performed" again. *Id*.

> This problem is presented now for the first time because, until the invention of the motion picture and the sound films, an actor's interpretation of a play was necessarily evanescent and ephemeral. It might be made the subject of mimicry, but the actual performance itself, the postures, gestures, voices, and motions, could not be identically reproduced. So also in the case of music, an instrumental or vocal performance by a soloist or an orchestra, once rendered, was lost forever except as repeated by the artist himself, until the advent of sound-recording devices permitted the fixation of the performance upon a disc or record which could be played and replayed, and even broadcast, at will, with the result that a single performance by the artist is now sufficient, generally speaking, to allow the rendition to be heard over and over again through an indefinite course of years. [*Id*. (footnote omitted)].

[11] *See Capitol Records, Inc. v. Naxos of Am., Inc*., 830 N.E.2d 250 (N.Y. 2005).

Relying on the well-established common law copyright protections for those who "elevate interpretations to the realm of independent works of art," the *Waring* court found that plaintiff there, an orchestra company, had a copyright in the performance of the sound recordings of its concerts. *Id*. at 635.

New York courts have similarly determined that the common law of that state affords copyright protections in the performance of sound recordings. *Metro. Opera Ass'n v. Wagner-Nichols Recorder Corp.*, 101 N.Y.S.2d 483, 493 (Sup. Ct. 1950), *aff'd*, 279 A.D. 632 (App. Div. 1951). In *Metropolitan Opera Association*, plaintiffs, the Metropolitan Opera Association, Columbia Records, and the American Broadcasting Company ("ABC"), sued defendant, Wagner-Nichols Recorder Corp, based on claims of unfair competition, to enjoin it from selling to the public copies of sound recordings of the Metropolitan Opera Association. *Id*. at 491-93. The Metropolitan Opera Association had licensed to Columbia Records the exclusive right to record and sell, and licensed to ABC the exclusive right to broadcast, its operatic performances. *Id*. at 486. In return, the Metropolitan Opera Association received substantial royalties and was guaranteed a minimum payment. The defendant had recorded opera performances broadcast by ABC and was selling them with no remuneration to any of the plaintiffs. *Id*. at 491-92. The court explained the inequity of allowing the defendant to sell sound recordings of

the Metropolitan Opera Association's performances:

> Plaintiff Metropolitan Opera derives income from the performance of its operatic productions in the presence of an audience, from the broadcasting of those productions over the radio, and from the licensing to Columbia Records of the exclusive privilege of making and selling records of its own performances. Columbia Records derives income from the sale of the records which it makes pursuant to the license granted to it by Metropolitan Opera. Without any payment to Metropolitan Opera for the benefit of its extremely expensive performances, and without any cost comparable to that incurred by Columbia Records in making its records, defendants offer to the public recordings of Metropolitan Opera's broadcast performances. This constitutes unfair competition. *International News Service v. Associated Press*, 248 U.S. 215, 39 S.Ct. 68, 63 L.Ed. 211.

Implicit in *Metropolitan Opera Association* was the Metropolitan Opera Association's common law copyright in its performances and the sale and reproduction of recordings of its performances. *See id*; *Naxos*, 830 N.E.2d at 264 (holding that "New York provides common-law copyright protection to sound recordings not covered by the federal Copyright Act…." and recognizing a "protected property interest in the performances embodied on the shellac records…") (citing, among others, *Metropolitan Opera Association*); *Capitol Records v. Mercury Records Corp.*, 221 F.2d 657, 663 (2d Cir. 1955) (expressly assuming that the right to make and sell one's sound recordings).

Accordingly, as in New York and Pennsylvania, there is no question that Florida common law supports an exclusive right of public performance in pre-1972 sound recordings.

B. Florida's Civil and Criminal Statutes Confirm that Florida's Common Law Affords an Exclusive Copyright to Sound Recordings.

Florida's grant of common law copyright in the broadcasting, selling, and reproduction of recordings of musical performances is further supported by the history of Florida statutory law. In 1941, the Florida Legislature enacted Sections 543.02 and 543.03, governing the use of recorded musical compositions. Through these statutes, the Florida Legislature for a time expressly *abolished* existing Florida common law copyrights in sound recordings, including restrictions on the use of the musical recording after they were sold. *See* § 543.02, Fla. Stat. In abolishing these common law protections, Section 543.02 expressly provided:

> **Common law rights abolished**. –When any phonograph record or electrical transcription upon which musical performances are embodied, is sold in commerce for use within this state, all asserted royalties on the commercial use made of any such recorded performances by any person are hereby abrogated and expressly repealed. When such article or chattel has been sold in commerce, any asserted intangible rights shall be deemed to have passed to the purchaser upon the purchase of the chattel itself, and the right to further restrict the use made of phonograph records or electrical transcriptions whose sole value is in their use, is hereby forbidden and abrogated. [*Id.* (emphasis in original).]

The sole purpose of Section 543.02 was to abrogate common law rights that had previously existed in Florida and not to interfere with federal copyright protections. *See* § 543.03, Fla. Stat.

> **Rights under [federal] copyright laws unaffected**. –Nothing in s. 543.02 or this section shall be deemed to deny the rights granted any person by the United States copyright laws. **The sole intendment of this enactment is to abolish any common law rights attaching to phonograph records and electrical transcriptions**, whose sole value is in their use, and to forbid further restrictions or the collection of subsequent fees and royalties on phonograph records and electrical transcriptions by performers who were paid for their initial performance at the recording thereof. [*Id*. (emphasis in original).]

The passage of Section 543.02 unquestionably confirmed that, previously, Florida common law had provided copyright protections in recorded performances. Indeed, the sole and express purpose of Section 543.02 was to abrogate those common law protections, which, had they not existed, would have rendered the statutes superfluous. *See* § 543.03, Fla. Stat. This Court has repeatedly held that "[t]he legislature is presumed to know existing law when it enacts a statute." *Holmes County Sch. Bd. v. Duffell*, 651 So. 2d 1176, 1179 (Fla. 1995) (citing *Williams v. Jones*, 326 So. 2d 425 (Fla. 1975)). Therefore, when the Florida Legislature passed Chapter 543, it is presumed to have known of and intended to abrogate existing Florida common law copyright protections in sound recordings. *See id*.; *see also Levit v. State, Dept. of Transp*., 248 So. 2d 542, 545 (Fla. 1st DCA 1971) (refusing to presume the Legislature took a futile or meaningless act by passing legislation).

In 1971, the Florida Legislature supplemented Chapter 543 with Section

543.041, an anti-piracy statute, which imposed criminal liability on the sale or reproduction of unauthorized copies, or bootleg copies, of records. § 543.041, Fla. Stat. (1971). Although Section 543.041 criminalized the sale and use of pirated records, it did not enlarge or diminish civil liabilities under Sections 543.02 and 543.03, Florida Statutes. § 543.041(4), Fla. Stat. ("This section shall neither enlarge nor diminish the right of parties in private litigation. This section shall not be construed in any way to affect ss. 543.02, 543.02, and 543.04").

In 1977, the Florida Legislature repealed Sections 543.02 and 543.03 and nearly all of Chapter 543. Laws of Florida 77-440. The 1977 legislation, however, did not repeal the criminal prohibitions set forth in Section 543.041 and, instead, enlarged them. *Id*. In 1979, Section 543.041 was renumbered as Section 540.11 and placed in Chapter 540, Florida Statutes, which addressed unfair competition. *See* Laws of Florida 79-400; § 540.11, Fla. Stat (1979).

The effect of repealing Sections 543.02 and 543.03, Florida Statutes, which had previously and expressly abrogated common law, was to revive with full force and effect the prior existing common law that had been in place before the enactment of Sections 543.02 and 543.03. *Florida Fertilizer & Mfg. Co. v. Boswell*, 34 So. 241, 241 (Fla. 1903) ("[W]hen a statute changing the common law is repealed, the common law is restored to its former state."); *N. Shore Hosp., Inc. v. Barber*, 143 So. 2d 849, 853 (Fla. 1962) (same); *see Taylor v. State*, 969 So. 2d

583, 584 (Fla. 4th DCA 2007) (same). Therefore, the common law that was expressly declared to have existed by the Legislature and then subsequently abrogated by Section 543.02 and 543.03—namely, the common law copyright in a recorded performance and in the uses of that recorded performance after first sale—was fully restored and has remained in effect in Florida since 1977.

The criminal statute concerning the sale and use of unauthorized recordings, Section 540.11, was further amended in 1989. § 540.11, Fla. Stat (2016); Laws of Florida 89-181. The language added by the 1989 amendment expressly prohibited the *public performance* of a pre-1972 sound recording without the permission of the "owner" of the "sounds embodied in the master phonograph record." Under the 1989 amendment, which remains in force today, it is unlawful to:

> Knowingly and willfully and without the consent of the owner, to transfer or cause to be transferred, directly or indirectly, any sounds recorded on a phonograph record, disk, wire, tape, film, or other article on which sounds are recorded, with the intent to sell, or cause to be sold, **or use or cause to be used for profit through public performance**, such article on which sounds are so transferred without consent of the owner.

§ 540.11(2)(a)1, Fla. Stat. The punishment for violating Section 540.11(2)(a) is a felony of the third degree. § 540.11(2)(b), Fla. Stat. Thus, the Florida Legislature recognized that the public performance of sounds in a master recording without permission was wrongful and, unlike 540.11(6)(a), which exempts broadcasters for *criminal* liability under Section 540.11(2)(a), there is no Florida statute exempting

broadcasters from *civil* liability for public performance of a sound recording without permission. *See* § 540.11(6)(a), Fla. Stat.

C. Pre-1972 Recordings Are Expressly Excluded from Federal Copyright Laws and Governed Exclusively by State Law.

Although federal copyright law has protected musical compositions since 1831, *see* Copyright Act of 1831, Ch. 16, 4 Stat. 436 (1831), it did not provide express protection for sound recordings until the Sound Recording Act of 1971 ("SRA"), 85 Stat. 391 (1971). Prior to 1971, state laws afforded the copyright protections excluded from federal copyright laws. In the SRA, Congress included express federal protections for sound recordings, but made them applicable only to sound recordings "fixed" after February 15, 1972.[12] In contrast, Congress expressly provided that, for pre-1972 recordings, "any rights or remedies under common law or statutes of any State shall not be annulled or limited by this title until February 15, 2047."

In the 1976 Copyright Act, Congress largely eliminated the dual system of copyright protections by expressly preempting any state or common law rights or remedies for works covered by federal statutory copyright law. *See* 17 U.S.C. § 301(a). However, Congress specifically made certain exceptions to this

[12] "A work is 'fixed' in a tangible medium of expression when its embodiment in a copy of phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced or otherwise communicated for a period of more than a transitory duration." 17 U.S.C. §101.

preemptive scheme—including preserving the SRA's carve out for state common law protections for all pre-1972 sound recordings. 17 U.S.C. § 301(c).

In 1995, Congress passed the Digital Performance Right in Sound Recordings Act of 1995 ("DPRA"), which provided that the owner of a copyright in a post-1972 sound recording has the exclusive right "to perform the copyrighted work publicly by means of a digital audio transmission." 17 U.S.C. § 106(6) (1996). Pursuant to this provision, any digital audio broadcaster—including, for example, Sirius XM—who plays a sound recording fixed post-1972 is required by federal law to obtain a license and pay a royalty for performing that recording. *See* 17 U.S.C. §§ 106(6) and 114. Consistent with all prior federal copyright legislation, the 1995 DPRA did not address or govern pre-1972 sound recordings.

By passing the DPRA without amending Section 301(c), Congress again maintained the carve-out for state law protections for pre-1972 sound recordings. Three years later, Congress reaffirmed its commitment to state common law copyright by passing the Sonny Bono Copyright Term Extension Act, which amended Section 301(c) to extend state law protection of pre-1972 recordings from 2047 until the current expiration in 2067. 112 Stat. 2827 (1998). In summary, Congress has spoken: federal copyright law has no application or bearing on state common law protections for pre-1972 sound recordings. *See also State v. Gale, Distributors, Inc*. 349 So. 2d 150 (Fla. 1977).

D. The Copyright in Sound Recordings Is Not Divested by Selling a Record.

Traditionally, a common law copyright may terminate when the copyrighted work is "published," since that is historically when federal copyright protections became potentially available. *See Naxos*, 830 N.E.2d at 264. At the moment of "publication," a handoff occurred between the prior existing copyright protections under the common law and the new protections under federal law. *See Bobbs-Merrill Co. v. Straus*, 210 U.S. 339, 346-47 (1908). In the context of statutory copyrights, forfeiting common law rights upon publication was necessary because state and federal protection could not otherwise "coexist." *Id.* The nature of "publication" under federal copyright law and the effect of "publication" on the exclusivity of a copyright have developed over several hundreds of years and have become legal terms of art. *See Naxos*, 830 N.E.2d at 264.

In contrast, a music performer's copyright in pre-1972 sound recordings, which have *never* been within the ambit of works potentially afforded federal copyright protection, developed separately from and subsequent to other copyrights and, unlike most other copyrights, are *not* forfeited when the copyrighted work is published – that is, when a record is sold.[13] *Id.*; *Naxos*, 830

[13] In *Goldstein v. California*, the U.S. Supreme Court held that a statute passed by the State of California intruded into a preempted federal copyright field. *Goldstein v. California*, 412 U.S. 546, 570 n.28 (1973). The Court acknowledged that the

N.E.2d at 264. The New York Court of Appeals succinctly described, under its state's common law on copyrights (which is the same as Florida's), how publication of sound recordings developed separately from and are treated materially different from other copyrights. *See id*.

> The evolution of copyright law reveals that the term "publication" is a term of art that has distinct meanings in different contexts. With regard to literary works, it has long been the rule that common-law protection ends when a writing is distributed to the public … because it is at that point that federal statutory copyright protection controls…. **In contrast, in the realm of sound recordings, it has been the law in this state for over 50 years that, in the absence of federal statutory protection, the public sale of a sound recording otherwise unprotected by statutory copyright does not constitute a publication sufficient to divest the owner of common-law copyright protection….**

Id. (collecting cases under New York law).

The New York Court of Appeals further explained that its law was in accord with the United States Copyright Office and the international community. *Id*. (citing *ABKCO Music, Inc. v. LaVere*, 217 F.3d 684, 690 (9th Cir. 2000); 1

---

copyright protections afforded to sound recordings had been left exclusively to the states and that the term "publication" has no application.

> For purposes of federal law, 'publication' serves only as a term of the art which defines the legal relationships which Congress has adopted under the federal copyright statutes. **As to categories of writings which Congress has not brought within the scope of the federal statute, the term has no application.** [*Id*.]

Nimmer on Copyright § 4.05(B)(4), at 4–35; Bailey, *Phonorecords and Forfeiture of Common–Law Copyright in Music*, 71 Wash. L. Rev. 151, 157 (Jan. 1996); Kaplan, *Publication in Copyright Law: The Question of Phonograph Records*, 103 U. Pa. L. Rev. 469, 472 (Jan. 1955)).

1. The History and Effect of "Publication" Under Statutory Copyright Law

Florida common law, like New York common law, derived from the common law of England in 1776. Therefore, the history of copyrights in England and the United States, as well as the states' understanding and application of English common law, is relevant to ascertaining why common law copyrights in written works, such as books or musical compositions, which are protectable under federal copyright laws, are forfeited when the copyrighted works are "published" and dedicated to the public, but common law copyrights in sound recordings, which post-date copyrights in written work by nearly 400 years and do not share a history of statutory regulation, are not forfeited by the sale of a record.

Codification of the natural property right of authorship, including whether a literary work may be published and disseminated to the public (known as the ''right of first publication"), first occurred in 1709 in the Statute of Anne, 8 Anne ch 19. *See Naxos*, 830 N.E.2d at 254. After the Statute of Anne was adopted, issues arose concerning the viability of a common law copyright in written works

after "first publication." *Id*. at 255-56. Ultimately, it was accepted in England that once a written work was published, it was eligible to receive copyright protection under statute but in so receiving statutory copyright protections lost its common law copyright protections. *Id*. at 256.

In 1790, the first U.S. Congress enacted the original federal copyright statute. *Id*. Under the new federal copyright law, an author had the exclusive ''right and liberty of printing, reprinting, publishing and vending such map, chart, book or books" for up to 28 years. *Id*. (quoting 1 Stat. 124 (1790)). As with the Statute of Anne in England, this first U.S. federal copyright law prompted a dispute over whether an author's publication of a written work, which thereby granted the author the potential of utilizing federal copyright protections, divested the author of common law copyright protections. In *Wheaton v. Peters*, 33 U.S. 591 (1834), the United States Supreme Court determined that it did. *Naxos*, 830 N.E.2d at 258.

By the beginning of the 20th century, courts were called upon to apply existing copyright law, long confined to written works, to other forms of expression and authorship. *Id*. at 258. An early case analyzing these issues was *White-Smith Music Publishing Company v. Apollo Co.*, 209 U.S. 1 (1908) ("*White-Smith*"). The issue in *White-Smith* was whether piano rolls constituted "copies" of a copyrighted composition and whether their sale, without permission, constituted

an infringement of that copyright. *White-Smith* 209 U.S. at 12-14; *Goldstein v. California*, 412 U.S. 546, 565 (1973). In *White-Smith*, the Court acknowledged that musical compositions were protected under federal copyright laws since at least 1831, but held that federal copyright protection extended only to written works that could be seen and read. *Naxos*, 830 N.E.2d at 258; *see White-Smith*, 209 U.S. at 16-17. Accordingly, the Court held that piano rolls, the music of which could not be seen or read, were not able to be "published," and were, therefore, not entitled to federal copyright protection. *See Naxos*, 830 N.E.2d at 258 (citing *White-Smith*, 209 U.S. at 17); *Goldstein*, 412 U.S. at 565.

Based on *White-Smith*, Congress passed the 1909 Copyright Act, intentionally excluding audio musical works but including in the Act a statutory section applicable to unpublished works to ensure that applicable state common law copyrights were not annulled by the Act. *Naxos*, 830 N.E.2d at 258 (citing 17 U.S.C. § 2).

> That nothing in this [Copyright] Act shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefor.

17 U.S.C. § 2 (1909); *Naxos*, 830 N.E.2d at 258. "Congress therefore confirmed that, although sound recordings were not protected under federal law, there was nothing to prevent the states from guaranteeing copyright protection under

common law." *Naxos*, 830 N.E.2d at 258. Indeed, in 1973, the U.S. Supreme Court explained in *Goldstein* that "[n]owhere" in the 1909 Act did Congress indicate that it "intended records, as renderings of original artistic performance, to be free from state control." *Goldstein*, 412 U.S. at 566.

Consequently, from the first statute addressing copyrights in 1709 through the present, copyrights in pre-1972 sound recordings have always been protected by state law and expressly excluded from federal law protections. Therefore, "publication," which represents the handoff from common law copyright protection to the availability of federal copyright protection, has no application to copyrights in pre-1972 sound recordings, which have never been covered by federal copyright laws. *Naxos*, 830 N.E.2d at 258; *Goldstein*, 412 U.S. at 570 n.29.

2. Sale of a Record Does Not Constitute a Publication Which Divests the Owner of the Copyright in the Recorded Performance.

In accord with a federal statutory scheme that has consistently excluded sound recordings from federal copyright laws and, therefore, rendered the concept of "publication" inapplicable, states have recognized that the sale of a record does not divest any existing copyright protections in sound recordings. In *Metro. Opera Ass'n v. Wagner-Nichols Recorder Corp.*, 101 N.Y.S.2d 483, 494-97 (Sup. Ct. 1950), *aff'd*, 279 A.D. 632 (App. Div. 1951), the court expressly held that the performance of the opera in the opera house and the recording and sale of an

operatic performance did not constitute an abandonment of the copyright owner's exclusive right to performance of the opera, recording of the opera performances, and sale of the opera recordings. *Id*. The court explained that finding a forfeiture based on the sale of records would be a "travesty of justice." *Id*. at 497.

> **To refuse to the groups who expend time, effort, money and great skill in producing these artistic performances the protection of giving them a 'property right' in the resulting artistic creation would be contrary to existing law, inequitable, and repugnant to the public interest. To hold that the broadcasts of these performances, making them available to a wider audience of Americans, deprives the Metropolitan Opera of all of its rights in this production and abandons the production to anyone to appropriate and exploit commercially, would indeed discourage the broadcasting of such operas and penalize not only the Metropolitan Opera but the public which now benefits from these broadcasts. Equity will not bear witness to such a travesty of justice; it will not countenance a state of moral and intellectual impotency. Equity will consider the interests of all parties coming within the arena of the dispute and measure the conflict in the scales of conscience and on the premise of honest commercial intercourse.**

Id.; *see also Waring*, 194 A. at 636 (the sale of a record "does not constitute a publication which operates as an abandonment to public use."); *Mercury Record Productions, Inc. v. Econ. Consultants, Inc.*, 218 N.W.2d 705, 715 (Wis. 1974).

In *CBS, Inc. v. Garrod*, 622 F. Supp. 532, 534 (M.D. Fla. 1985), *aff'd*, 803 F.2d 1183 (11th Cir. 1986), the U.S. District Court for the Middle District of Florida, noting the repeal of Fla. Stat. § 543.02, held that the sale of a record did

not divest the record company, CBS, of its common law copyright by reason of publication. *Id*.; *see also In re Clark Entertainment Group, Inc*. 183 B.R. 73 (Bankr. D.N.J. 1995) (sale of audio tapes does not transfer the recorded performances embodied on the tapes). In *Garrod*, the court distinguished *DeSilva Construction Corp. v. Herrald*, 213 F. Supp 184 (M.D. Fla. 1962), where an architect's plans were considered "published" after being filed with the city "because architectural plans, unlike phono-records prior to February 15, 1972," were subject to federal copyright protection. *Id* at 534. Moreover, "[u]nlike architectural plans where the common law copyright protects the idea rather than the blueprints and copies, a record producer's common law copyright protects the record itself, whether it is the master recording or a copy." *Id.* The court reasoned:

> Adopting Defendant Garrod's argument that distribution of records constitutes publication would lead to inequitable results. No record producer would distribute a record until enough copies were made to sell to the entire market. Otherwise, a limited release of a record to a small market would be at great risk. If the record turns out to be a smash hit, anyone who could buy a copy could then mass-produce more copies and undersell the original producer (who, in addition to the expenses of copying, must also bear the costs of "enterprise, organization, skill, labor and money" of getting the musicians, music and recording time…). Thus, **because of the unique nature of the recording business, and the fact that there was no simple method of protecting record producers' interests until phono-records were protected by the Sound Recording Act of 1972, [citation omitted] CBS did not lose its common law copyright through publication by distribution of its records.**

Id at 534-35 (internal citations omitted).

Although the issue in *Garrod* was the common law right of reproduction of a record, the same logic applies to the common law right of performance in a record. In this regard, the U.S. Court of Appeals for the Eleventh Circuit concluded in this case that Sirius XM had offered no reasoned distinction between a copyright in the performance of a record and a copyright in the reproduction of a record:

> Sirius [XM] points to no principled reason why the sale of records might constitute only a limited publication and divestment with regard to the exclusive right of reproduction, but an absolute divestment with regard to the exclusive right of public performance.

Flo & Eddie, Inc., 2016 WL 3546433, at *4.

The U.S. Court of Appeals for the Second Circuit, in *Mercury Records Corp*., 221 F.2d 657, also squarely held that the sale of a record does not constitute a "publication" that divests the artist of the exclusive right to copy and sell the records. **"[W]here the originator, or assignee of the originator, of records of performances by musical artists put those records on public sale, his act does not constitute a dedication of the right to copy and sell the records."** *Id*.

Similarly, in *Capitol Records, LLC v. BlueBeat, Inc.*, 765 F. Supp. 2d 1198, 1206 (C.D. Cal. 2010), the U.S. District Court for the Central District of California rejected as "completely devoid of merit" the argument that the sale of a recording

"published" it as to strip the copyright owner of protectable and actionable ownership rights. *Id*.

In *Glazer*, this Court determined that a magician who publicly performed a magic trick using mechanical equipment "published" the magic trick.[14] *Glazer*, 16 So. 2d at 54. Consistent with the law of every other state, the performance of the magic trick constituted "publication" because it was the moment of handoff between the common law right asserted in that case and the potential availability of federal law copyright protections. *See id*. at 55. However, in this case, the sale of a record does not constitute a "publication," because pre-1972 sound recordings have always been excluded from federal copyright laws, and therefore, "the term has no application." *Goldstein*, 412 U.S. at 570 n.28

In 1995, in *La Cienega Music Co. v. ZZ Top*, 53 F.3d 950, 953 (9th Cir. 1995), the U.S. Court of Appeals for the Ninth Circuit issued a decision contrary to the vast majority of, if not all, prior decisions holding that the sale of a record is not a "publication" which divests copyright protection. The Ninth Circuit held that

[14] Although the Court in *Glazer* determined that the particular performance in that case was not entitled to protection under federal copyright laws because it did not satisfy the dramatic and expressive requirements of federal copyright law, performances that satisfy these requirements have nevertheless been entitled to federal copyright protections. *Id*. (citing *Serrana v. Jefferson*, 33 F. 347, 347 (C.C.S.D.N.Y. 1888) and *Fuller v. Bemis*, 50 F. 926, 928 (C.C.S.D.N.Y. 1892)); *see Teller v. Dogge*, 8 F. Supp. 3d 1228, 1233 (D. Nev. 2014) (affording federal copyright protection, as a pantomime or dramatic work, where a magician's performance met the necessary dramatic and expressive requirements).

the release of records over several decades *was* a publication which divested common law copyright in the underlying song. *Id*. The *La Cienega* decision, which was nearly universally denounced, was criticized in Congress, caused an amendment to federal copyright law, and was later acknowledged by the Ninth Circuit as having been abrogated. *See ABKCO Music, Inc. v. LaVere*, 217 F.3d 684, 689-91 (9th Cir. 2000); *Naxos*, 830 N.E.2d at 262.[15]

As the Second Circuit summarized in *Naxos*:

> *La Cienega* was criticized in Congress as exposing pre–1972 sound recordings to unauthorized uses and as "overturn[ing] nearly 90 years of [precedential] decisions" (143 Cong. Rec. H9882–01 [statement of Rep. Coble]). It was estimated that the ruling, if allowed to stand, would cause musicians, composers and publishers to lose over a billion dollars in annual revenue (see id. [statement of Rep. Delahunt]). **Congress reacted to *La Cienega* by amending section 303 of the federal Copyright Act to clarify that "[t]he distribution before January 1, 1978, of a phonorecord shall not for any purpose constitute a publication of the musical work embodied therein"** (17 USC § 303 [b]). After the passage of this amendment, the **Ninth Circuit acknowledged that the intent of Congress was to "'restore national uniformity on this important issue** by confirming the wisdom of the custom and usage of the affected industries and of the Copyright Office for nearly 100 years'" (*ABKCO Music, Inc. v. La–Vere*, 217 F.3d 684, 690 [2000] [quoting 143 Cong. Rec. S11301 (statement of Sen. Hatch)], cert. denied 531 U.S. 1051, 121 S.Ct. 655, 148 L.Ed.2d 559 [2000]).

[15] Under the 1997 amendment, Congress made clear that "[t]he distribution before January 1, 1978, of a phonorecord shall not for any purpose constitute a publication of any musical work, dramatic work, or literary work embodied therein." 17 U.S.C. § 303(b).

Naxos, 830 N.E.2d at 262.

While other artistic works are protected under state common law only until publication, "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. Thus, Sirius XM's argument that the sale of records containing pre-1972 recorded performances constitutes a "publication" which divests the owner of common law copyright in the recorded performance impermissibly departs from well-established precedent to the contrary.

II. Independent from Florida Common Law Copyright Protections, Flo & Eddie Have a Protectable Property Interest Under Florida Law in Its Recorded Performances.

Flo & Eddie's recorded performances are, as the Eleventh Circuit recognized, "'intellectual productions' that are created by heavy investments of time and labor." *Flo & Eddie*, 2016 WL 3546433, at *3. Consequently, independent of common law copyrights in its recorded performances, Flo & Eddie also has a property interest in its recordings under well-established Florida law that supports actions for unfair competition, conversion, and civil theft.

The Florida Constitution guarantees the right to acquire, possess, and protect property, which is broadly defined. Fla. Const. Art. 1 § 2; *Corn v. State*, 332 So.

2d 4, 8 (Fla. 1976) ("we also have constitutional duty to protect rights of property and the business community."); *see Liquor Store, Inc. v. Cont'l Distilling Corp.*, 40 So. 2d 371, 374 (Fla. 1949) ("The right to own, hold and enjoy property is nearly absolute."). Property is not the material object one owns, but "the sum of all the rights and powers incident to ownership."); *Jerome H. Sheip Co. v. Amo*s, 130 So. 699, 705 (Fla. 1930); *Tatum Bros. Real Estate & Inv. Co. v. Watson*, 109 So. 623, 626 (Fla. 1926) ("property, in the law [] is not the material object but the right and interest which one has in it, to the exclusion of others, which constitutes property.").

In accord with Florida's broad view of what constitutes property, Section 812.012(4), Florida Statutes, defines property as "anything of value" including both tangible and intangible property. § 812.012, Fla. Stat. This Court has held that Florida's constitutional right to acquire, possess, and protect property applies equally to intangible property, such as Flo & Eddie's recorded performances. *See Am. Optical Corp. v. Spiewak*, 73 So. 3d 120, 130 (Fla. 2011) (applying article I, section 2 of the Florida Constitution to the intangible right of action); *see also Crow v. State*, 392 So. 2d 919, 920 (Fla. 1st DCA 1980) (stolen property included royalty rights); *Jacobs Wind Elec. Co. v. Dep't of Transp.,* 626 So. 2d 1333, 1337 (Fla. 1993) (patent is property protected by state law where not preempted); *Miller v. Wallace Int'l Trucks, Inc*., 532 So. 2d 1276, 1277 (Fla. 2d DCA 1988) (civil

theft of lien on vehicle).

Having contributed heavy investments of time and labor to create the sound recordings at issue in this case, they are undoubtedly valuable property under Florida law. A cause of action for unfair competition in Florida requires three elements: "(1) time, labor, and money expended by the plaintiff, (2) competition, and (3) commercial damage." *See Garrod*, 622 F. Supp. at 536 (citing *B. H. Bunn Co. v. AAA Replacement Parts Co.*, 451 F.2d 1254, 1262 (5th Cir. 1971)).

When claims for unfair competition, conversion, or civil theft are addressed in the context of copyright laws, the issue is often whether the state claims are preempted by federal law. *See, e.g.*, *All Pro Sports Camp, Inc. v. Walt Disney Co.*, 727 So. 2d 363, 367 (Fla. 5th DCA 1999); *see also Dunlap v. G&L Holding Group, Inc*., 381 F.3d 1285, 1293 (11th Cir. 2004); *Garrido v. Burger King Corp.*, 558 So. 2d 79 (Fla. 3d DCA 1990). Because it is undisputed that Flo & Eddie's records are not governed by federal copyright law, preemption is not at issue and, therefore, common law copyrights and state laws protecting property may and do co-exist. *See id.*; *see also A & M Records, Inc. v. M.V.C. Distrib. Corp.*, 574 F.2d 312, 314 (6th Cir. 1978) (permitting cause of action for record piracy under Michigan unfair competition laws); *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 62 F. Supp. 3d 325, 349 (S.D.N.Y. 2014) (permitting cause of action for unfair competition under New York law [appeal pending]).

Here, none of the elements of unfair competition, conversion, or civil theft rely on the existence of a copyright, as "the existence of a copyright" is not a necessary element to state a cause of action under any of these legal claims. *See Garrod*, 622 F. Supp. at 536 (unfair competition); *Seymour v. Adams*, 638 So. 2d 1044, 1046–47 (Fla. 5th DCA 1994) (conversion; "The essence of the tort of conversion is the exercise of wrongful dominion or control over property to the detriment of the rights of the actual owner."); *Gersh v. Cofman*, 769 So. 2d 407, 409 (Fla. 4th DCA 2000) (civil theft; "In order to establish an action for civil theft, the claimant must prove the statutory elements of theft, as well as criminal intent.") (citing §772.11. Fla. Stat.).

Additionally, unfair competition, conversion, and civil theft are applicable to intangible property. *Garrod*, 622 F. Supp. at 536 (unfair competition); *In re Corbin's Estate*, 391 So. 2d 731, 732 (Fla. 3d DCA 1980) (conversion; "Actions for conversion may properly be brought for a wrongful taking over of intangible interests in a business venture.") (footnote omitted); *see Gersh*, 769 So. 2d at 409; *Heldenmuth v. Groll*, 128 So. 3d 895, 896 (Fla. 4th DCA 2013) (civil theft); §§ 772.11 and 812.012, Fla. Stat.

Under Flo & Eddie's claims for unfair competition, conversion, and civil theft, the property misappropriated and/or stolen by Sirius XM is The Turtles' recorded performances, and all the rights incident to those performances, including

recording, broadcasting, and reproduction. Sirius XM's misappropriation and theft is in no way diminished even assuming, *arguendo*, that, for common law copyright purposes, Flo & Eddie's copyright protections were divested. State law claims for unfair competition, conversion, and civil theft have no exclusion for "publication."

III. Answers to The Certified Questions from the United States Court of Appeals for the Eleventh Circuit

A. There is a Florida Common Law Copyright in Sound Recordings and it Encompasses the Right to Publicly Perform Those Sound Recordings.

The State of Florida adopted the common law of England as of July 3, 1776. § 2.01, Fla. Stat. In 1943, this Honorable Court recognized a Florida common law right in intellectual productions. *Schleman*, 15 So. 2d at 760; *Glazer*, 15 So. 2d at 55. The well-established English common law rule afforded copyright protections to one who "contributes by his [or her] interpretation something of novel intellectual or artistic value" to a production. *Waring*, 194 A. at 633-34. Florida's common law copyright protects the performance of sound recordings because the recorded performances are a form of property, like an idea, that have value independent from the medium upon which they are recorded. *Schleman*, 15 So. 2d at 760; *Glazer*, 15 So. 2d at 55. As this Court has held, an incorporeal right, like sounds or ideas, "exists separate and apart from the … the physical substance of which it is embodied." *Schleman*, 15 So. 2d at 760.

The decisions of this Court in *Glazer* and *Schleman*, recognizing a common law copyright in intellectual productions, are entirely in accord with the decisions from New York and Pennsylvania that have arrived at the same conclusion grounded on the English common law adopted in those states as well as in the State of Florida. *Waring*, 194 A. at 633-34; *Metro. Opera Ass'n*, 101 N.Y.S.2d at 493; *Naxos*, 830 N.E.2d at 264; *Mercury Records Corp*., 221 F.2d at 663. Indeed, when addressing *in Glazer* whether the performance of a magician in that case was protected by common law copyright, this Court expressly recognized the copyright principles embraced in the seminal and instructive *Waring* case.

The determination by this Court in *Glazer* and *Schleman* is bolstered by the Florida Legislature's express determination in 1941 that Florida common law copyright protections in sound recordings exist. §§ 543.02 and 543.03, Fla. Stat. When, in 1977, the Florida Legislature repealed Sections 543.02 and 543.03, which had previously abrogated Florida's common law copyrights in sound recordings, Florida's common law copyright protections were, as a matter of well-established law, fully revived. Further evincing Florida's view of the copyright protections afforded to owners of sound recordings, Section 540.11 presently, and since 1989, has made it a felony to publicly perform a sound recording without the owner's permission and, unlike 540.11(6)(a), which exempts broadcasters for criminal liability under Section 540.11(2)(a), there is no Florida statute exempting

broadcasters from civil liability for public performance of a sound recording without permission. *See* § 540.11(6)(a), Fla. Stat.

B. The Sale of a Record Does not Divest Common Law Copyright

The sale of a record does not constitute a "publication" which divests the owner of common law copyright protection in the recorded performance. *Metro. Opera Ass'n*, 101 N.Y.S.2d at 494-97; *Garrod*, 622 F. Supp. at 534; *In re Clark Entertainment Group, Inc*. 183 B.R. 73; *Mercury Records Corp*., 221 F.2d 657; *BlueBeat, Inc.*, 765 F. Supp. 2d 1198, 1206 (C.D. Cal. 2010); *Waring*, 194 A. 631, 633–35. The rationale of the many legal decisions, which have held that the sale of a record does not divest the common law copyright precluding the reproduction of the record, applies with equal force to the common law copyright in the performance of sound recordings, arising from the same "bundle" of rights incident to ownership. *Flo & Eddie,* 62 F. Supp. 3d at 339; *see Metro. Opera Ass'n*, 101 N.Y.S.2d 483, 494-97 (Sup. Ct. 1950), *aff'd*, 279 A.D. 632 (App. Div. 1951) *Garrod*, 622 F. Supp. at 534, *aff'd*, 803 F.2d 1183. It would be an absurd application of existing precedent to prohibit the unauthorized reproduction of sound recordings, but allow the public performance of those same recordings for profit, especially when the essence of a common law copyright in sound recordings is to recognize and protect the artist's interest in the underlying musical performance. *See, e.g.*, *Schleman*, 15 So. 2d at 760; *Glazer*, 15 So. 2d at 55,

Waring, 194 A. 631. Analyzing this issue, the Eleventh Circuit found that Sirius XM made no principled argument why "the sale of records might constitute only a limited publication and divestment with regard to the exclusive right of reproduction, but an absolute divestment with regard to the exclusive right of public performance." *Flo & Eddie*, 2016 WL 3546433, at *5. Indeed, there is none.

Moreover, in 1995, when the U.S. Circuit Court of Appeals for the Ninth Circuit, in *La Cienega Music Co.*, 53 F.3d at 953 suggested otherwise with respect to the composition embodied in the sound recording, Congress forcefully rejected that conclusion and amended the federal copyright statute to clarify that "[t]he distribution before January 1, 1978, of a phonorecord shall not for any purpose constitute a publication of any musical work, dramatic work, or literary work embodied therein." *Id*.; 17 U.S.C. § 303(b). After the *La Cienega* decision, both the Ninth and Second Circuits, as well as Congress and the U.S. Copyright Office, recognized that *La Cienega* had departed from well-established precedent.

Historically, "publication" was relevant only to determine the moment when common law copyrights ceased and federal copyright protection became available. As the history of sound recordings consistently shows, all sound recordings had been excluded from federal copyright protections until February 15, 1972, and pre-1972 recordings remain excluded from federal copyright law today. Therefore, the

concept of "publication" was never applicable to common law protection of pre-1972 recordings. *See supra* at 27-38; *Goldstein*, 412 U.S. at 570 n.28.

C. The Reproduction of Any Portion of a Common Law Copyrighted Recording is Actionable.

The U.S. Court of Appeals for the Eleventh Circuit properly questioned the U.S. District Court's reliance on decisions interpreting federal copyright law as the sole grounds for its determination that buffer copies of The Turtles' records, which Sirius XM creates every time it plays a song by The Turtles, constituted illegal reproductions of The Turtles' records. *Flo & Eddie*, 2016 WL 3546433, at *5.

Sirius XM argues that federal copyright law, 17 U.S.C. § 101, which unquestionably has no application to this case, implies that infringement may occur only when a sound recording is copied in full. Federal law, however, has no bearing on the instant case, and Florida law, which controls, nowhere limits infringement of a copyright to only full copies. Indeed, as the Eleventh Circuit recognized, Florida's law criminalizing the reproduction of records contains no immunity from criminal charges when less than the entire record is copied or performed without authorization from the owner.[16] *See* § 540.11, Fla. Stat.

[16] In addressing the issue of whether reproduction of less than complete sound recordings was actionable, the Eleventh Circuit compared Florida's criminal statute, Section 540.11, Florida Statutes, prohibiting the reproduction of sound recordings, with the federal copyright law, 17 U.S.C. § 101, prohibiting the reproduction of sound recordings, observing that the language of the federal law limiting its prohibition only to reproductions that are "sufficiently permanent or stable to permit it [the reproduced sound recording] to be perceived, reproduced, or

Similarly, the fair use doctrine under federal copyright law, 17 U.S.C. § 107 is entirely inapplicable to this case. Through the fair use doctrine, Congress has carved out of federal statutory copyright protections, which are otherwise exclusive, certain limited uses of copyrighted material "for purposes such as criticism, comment, news reporting, teaching… scholarship, or research…." *Id.* The federal fair use test is not relevant in the first instance because it does not apply to Florida common law copyrights, and there are no cases in Florida supporting the equivalent of the federal fair use exception to common law copyright protections. Moreover, even if § 107 was applicable to pre-1972 recordings, it sets forth a four part test for analyzing whether a fair use exists to overcome copyright protections. Here, Sirius XM does not meet that test.[17]

---

otherwise communicated for a period of more than transitory duration" was not present in the Florida statute. *Flo & Eddie, Inc*., 2016 WL 3546433 at *5. The Eleventh Circuit also questioned the District Court's reliance on federal decisions applying federal law that were not relevant in this case. *See id.*

[17] Under the four part test, a court reviews (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work. *Id*. Here, all four issues weigh in favor of there being no fair uses. Sirius XM is a for-profit, multi-billion dollar enterprise who, for its convenience and based on the technology it implements to broadcast programming, reproduces portions of every Flo & Eddie record that it plays. Separately, it broadcasts full Flo & Eddie recordings, which has a tremendously negative effect on the market for purchasing Flo & Eddie recorded songs.

D. Independent from Florida Common Law Copyright Protections, the Misappropriation of Sound Recordings Is Actionable Under Florida's Unfair Competition, Conversion, and Civil Theft Laws.

Sirius XM intentionally broadcasted pre-1972 recordings by The Turtles and others without authorization to its more than 28 million customers every day to earn a profit. Although Sirius XM's business is far broader than Flo & Eddie's, in the space of performing 1960s hit songs, Sirius XM and The Turtles are direct competitors. Flo & Eddie owns the right to broadcast its performances, because its performances undisputedly have value, which is the cornerstone in Florida for ascertaining property ownership. *See* §812.012. Florida's broad and strong property protections apply equally to tangible and intangible property. *See Am. Optical Corp.*, 73 So. 3d at 130. Sirius XM's broadcasting of The Turtles' recordings without authorization from Flo & Eddie violates Florida's laws protecting against unfair competition, conversion, and theft, and infringes on Flo & Eddie's common law copyright. Moreover, even assuming, *arguendo*, that the concept of "publication" were applicable to copyrights in pre-1972 sound recordings, which it is not, and further assuming, *arguendo*, that, as a matter of fact, publication divested Flo & Eddie of its exclusive copyright, which it does not, "publication" would have no effect whatsoever on Flo & Eddie's independent causes of action for unfair competition, conversion, and theft.

CONCLUSION

Sirius XM flagrantly, and without justification or legal basis, infringed on Flo & Eddie's Florida common law copyright protections and violated state law to earn a profit. For more than 75 years, Florida has recognized a common law copyright in performances, and Florida law is in accord with the common law of other states, which has expressly recognized the existence of a common law copyright in pre-1972 sound recordings. Furthermore, a copyright in pre-1972 sound recordings is not divested at the time a record is sold. Independent from common law copyright protections, Florida law affords property owners, such as Flo & Eddie, causes of action for unfair competition, conversion, and civil theft to protect its constitutionally guaranteed right to acquire, possess, and protect intangible property, such as the performances Flo & Eddie worked so hard to create.

Flo & Eddie respectfully request that this Honorable Court answer the certified questions as set forth herein, returning the case to the U.S. Court of Appeals for the Eleventh Circuit for further proceedings.

Respectfully submitted,

GUNSTER
Appellate Counsel for Flo & Eddie, Inc.
600 Brickell Avenue, Suite 3500
Miami, Florida 33131
Telephone: 305-376-6000
Facsimile: 305-376-6010
acortinas@gunster.com
jkaskel@gunster.com

By: _____
Angel A. Cortiñas, FBN 797529
Jonathan Kaskel, FBN 52718

GRADSTEIN & MARZANO, P.C.
Counsel for Flo & Eddie, Inc.
6310 San Vicente Boulevard
Suite 510
Los Angeles, California 90048
Telephone: 323- 776-3100
Facsimile: 323−931−4990
hgradstein@gradstein.com
mmarzano@gradstein.com

By: /s/ Henry Gradstein
Henry Gradstein
Cal. Bar No. 89747
Admitted pro hac vice by the Florida Supreme Court

By: /s/ Maryann R. Marzano
Maryann R. Marzano
Cal. Bar No. 96867
Admitted pro hac vice by the Florida Supreme Court

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on September 19, 2016, a true and correct copy of the foregoing was served on the following:

By: /s/ Angel A. Cortiñas
Angel A. Cortiñas

Service List

Glenn H. Waldman, Esquire
Jason Gordon, Esquire
HELLER WALDMAN, P.L.
Attorneys for Flo & Eddie, Inc.
3250 Mary Street, Suite 102
Coconut Grove, Florida 33133
Telephone: 305-448-4144
Telecopier: 305-448-4155
gwaldman@hellerwaldman.com
jgordon@hellerwaldman.com

Steven G. Sklaver, Esquire
Attorneys for Flo & Eddie, Inc.
SUSMAN GODFREY L.L.P.
1901 Avenue of the Stars, Suite 950
Los Angeles, CA 90067
Telephone 310-789-3123
Telecopier: 310-789-3150
ssklaver@susmangodfrey.com

Steve Morrissey, Esquire
SUSMAN GODFREY LLP
Attorneys for Flo & Eddie, Inc.
1201 Third Avenue, Suite 3800
Seattle, WA 98101-3000
Telephone: 206-373-7380
Telephone: 310-789-3103
Telecopier: 206-516-3883
smorrissey@susmangodfrey.com

Henry D. Gradstein, Esquire
Maryann R. Marzano, Esquire
GRADSTEIN &MARZANO, P.C.
Attorneys for Flo & Eddie, Inc.
6310 San Vicente Blvd., Suite 510
Los Angeles, CA 90048
Telephone: 323-776-7100
Telecopier: 323-931-4990
hgradstein@gradstein.com
mmarzano@gradstein.com

David M. Gersten, Esquire
GORDON & REES, ET AL.
Attorneys for Appellee
200 S. Biscayne Blvd., Suite 4300
Miami, FL 33131
Telephone: 305-428-5300
Telecopier: 877-644-6207
dgersten@gordonrees.com

Daniel M. Petrocelli, Esquire
Cassandra L. Seto, Esquire
O'MELVENY & MYERS LLP
Attorneys for Appellee
1999 Avenue of the Stars, 8th Floor
Los Angeles, CA 90067
Telephone: 310-246-6703
Telecopier: 310-246-6779
dpetrocelli@omm.com
cseto@omm.com

Anton Metlitsky, Esquire
O'MELVENY & MYERS LLP
Attorneys for Appellee
7 Times Square
New York, New York, 10036
Telephone: 212- 326-2291
Telecopier: 212-326-2061
ametlitsky@omm.com

Jonathan D. Hacker, Esquire
O'MELVENY & MYERS LLP
Attorneys for Appellee
1625 Eye Street NW
Washington, District of Columbia, 20006
Telephone: 202-383-5285
Telecopier: 202-383-5414
dhacker@omm.com

CERTIFICATE OF COMPLIANCE

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

By: /s/ Angel A. Cortiñas
Angel A. Cortiñas