

15-1164-cv

Flo & Eddie, Inc. v. Sirius XM Radio, Inc.

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2 **UNITED STATES COURT OF APPEALS**
3 **FOR THE SECOND CIRCUIT**

4
5 August Term, 2015

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7 Argued: February 2, 2016

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9 Question Certified: April 13, 2016

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11 Certified Question Answered: December 20, 2016

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13 Decided: February 16, 2017

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15 Docket No. 15-1164-cv

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18 FLO & EDDIE, INC., a California Corporation,
19 individually and on behalf of all others similarly situated,

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21 *Plaintiff-Appellee,*

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23 – v. –

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25 SIRIUS XM RADIO, INC., a Delaware Corporation,

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27 *Defendant-Appellant,*

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29 DOES, 1 THROUGH 10,

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31 *Defendants.*
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34 Before: CALABRESI, CHIN, and CARNEY, *Circuit Judges.*
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36 Defendant-Appellant Sirius XM Radio, Inc., appeals from the November 14, 2014
37 and December 12, 2014 orders of the United States District Court for the Southern District
38 of New York (McMahon, *J.*) denying its motions, respectively, for summary judgment and
39 for reconsideration in connection with Plaintiff-Appellee Flo & Eddie, Inc.'s copyright
40 infringement suit. *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, No. 13-cv-5784 (CM), 2014 WL
41 7178134 (S.D.N.Y. Dec. 12, 2014) (denial of motion for reconsideration); *Flo & Eddie, Inc. v.*
42 *Sirius XM Radio, Inc.*, 62 F. Supp. 3d 325 (S.D.N.Y. 2014) (denial of motion for summary
43 judgment). We previously concluded that the appeal raised a significant and unresolved
44 issue of New York law that is determinative of this appeal: Is there a right of public

performance for creators of pre-1972 sound recordings under New York law and, if so, what is the nature and scope of that right?

We certified this question to the New York Court of Appeals. *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 821 F.3d 265 (2d Cir. 2016). The Court of Appeals accepted certification and responded that New York common law does not recognize a right of public performance for creators of pre-1972 sound recordings. *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 2016 WL 7349183 (N.Y. Dec. 20, 2016).

In light of this ruling, we REVERSE the district court's denial of Appellant's motion for summary judgment and REMAND with instructions to grant Appellant's motion for summary judgment and to dismiss the case with prejudice.

HARVEY GELLER (Henry Gradstein, Maryann R. Marzano, *on the brief*), GRADSTEIN & MARZANO, P.C., Los Angeles, CA; (Evan S. Cohen, *on the brief*), Los Angeles, CA; Michael Gervais, Arun S. Subramanian, SUSMAN GODFREY LLP, New York, NY; Robert Rimberg, GOLDBERG RIMBERG & WEG PLLC, *for Plaintiff-Appellee*

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1 *Curiae* Electronic Frontier Foundation, in support of
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24 State Broadcasters Association, Inc., Albany, NY; *for*
25 *Amicus Curiae* New York State Broadcasters Association,
26 Inc., in support of *Defendant-Appellant*

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30 PER CURIAM:

31 On September 3, 2013, Flo & Eddie, Inc. (“Appellee”), a California corporation that
32 asserts it owns the recordings of “The Turtles,” a well-known rock band with a string of hits
33 in the 1960s, sued Sirius XM Radio, Inc. (“Appellant”), a Delaware corporation that is the
34 largest radio and internet-radio broadcaster in the United States. The suit was brought on
35 behalf of itself and a class of owners of pre-1972 recordings; it asserted claims for common-
36 law copyright infringement and unfair competition under New York law. In particular,
37 Appellee alleged that Appellant infringed Appellee’s copyright in The Turtles’ recordings by

1 broadcasting and making internal reproductions of the recordings (*e.g.*, library, buffer and
2 cache copies) to facilitate its broadcasts.

3 In due course, Appellant moved for summary judgment on two grounds. Appellant
4 contended first that there is no public-performance right in pre-1972 recordings under New
5 York copyright law, and hence that its internal reproductions of these recordings were
6 permissible fair use. Second, Appellant argued that a state law public performance right, if
7 recognized, would be barred by the Dormant Commerce Clause. On November 14, 2014,
8 the District Court (McMahon, *J.*) denied this motion. *Flo & Eddie, Inc. v. Sirius XM Radio,*
9 *Inc.*, 62 F. Supp. 3d 325, 330 (S.D.N.Y. 2014).

10 On the first issue, the court concluded that New York does afford a common-law
11 right of public performance to copyright holders, and that Appellant's internal reproductions
12 were correspondingly not fair use. *Id.* at 344-46. On the second issue, the court found that
13 the recognition of a performance right did not implicate the Dormant Commerce Clause. It
14 noted that, pursuant to *Sherlock v. Alling*, 93 U.S. (3 Otto) 99 (1876), such a right did not
15 constitute a "regulation" of commerce. *Flo & Eddie, Inc.*, 62 F. Supp. 3d at 351-53.

16 Soon after, Appellant, with new counsel, filed a motion for reconsideration of the
17 November 14, 2014 order. In the alternative, it asked the District Court to certify its
18 summary judgment order for interlocutory appeal. The District Court denied Appellant's
19 motion for reconsideration, *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, No. 13-cv-5784, 2014
20 WL 7178134 (S.D.N.Y. Dec. 12, 2014), but did certify both the summary judgment and
21 reconsideration orders for interlocutory appeal, *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, No.
22 13-cv-5784, 2015 WL 585641 (S.D.N.Y. Feb. 10, 2015).

1 Appellant then petitioned us to permit the interlocutory appeal, which we did. *Flo &*
2 *Eddie, Inc. v. Sirius XM Radio, Inc.*, No. 15-cv-497, 2015 WL 3478159 (2d Cir. May 27,
3 2015). After extensive briefing and oral argument, we concluded that the appeal raised a
4 significant and unresolved issue of New York law that is determinative of this appeal: Is
5 there a right of public performance for creators of pre-1972 sound recordings under New
6 York law and, if so, what is the nature and scope of that right?

7 Accordingly, we certified this question to the New York Court of Appeals. *Flo &*
8 *Eddie, Inc.*, 821 F.3d 265. The Court of Appeals accepted certification, and on December
9 20, 2016, responded that New York common law does not recognize a right of public
10 performance for creators of pre-1972 sound recordings. *Flo & Eddie, Inc. v. Sirius XM Radio,*
11 *Inc.*, 2016 WL 7349183 (N.Y. Dec. 20, 2016).

12 Following the Court of Appeals' answer, we ordered the parties to submit letter briefs
13 addressing the effect of the Court of Appeals' decision on the appeal before this court. In its
14 letter brief, Appellee argued that the Court of Appeals "did not resolve [Appellant's] liability
15 for unauthorized copying of [Appellee's] recordings and engaging in unfair competition by
16 publicly performing those copies for profit, which the District Court had identified as
17 separate and independent grounds for finding [Appellant] liable." Letter Brief for Appellee,
18 *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 821 F.3d 265 (2d Cir. 2016) (No. 15-1164), ECF
19 No. 215.

20 In our opinion certifying the question to the Court of Appeals, however, we noted
21 and held that

22 The fair-use analysis applicable to this copying . . . is bound up
23 with whether the ultimate use of the internal copies is
24 permissible. As a result, the certified question *is determinative* of
25 Appellee's copying claims Similarly, Appellee's unfair-

1 competition claim depends upon the resolution of the certified
2 question.

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4 *Flo & Eddie, Inc.*, 821 F.3d at 270 n.4 (emphasis added).

5 The answer to the certified question being determinative of the other claims, we
6 REVERSE the district court's denial of Appellant's motion for summary judgment and
7 REMAND to that court with instructions to grant Appellant's motion for summary
8 judgment and to dismiss the case with prejudice.