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Warner/Chappell Music, Inc. and T-Boy Music, LLC's 21 22 23

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Lorenzo Pryor et al.,

Warner/Chappell Music, Inc.

Defendants.

v.

et al.,

UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA

CV 13-4344 RSWL (AJWx) Plaintiffs,

ORDER re: Defendants Warner/Chappell Music, Inc. and T-Boy Music, LLC's Motion to Dismiss the Complaint [19]

Currently before the Court is Defendants

all papers submitted pertaining to the Motion, and having considered all arguments presented to the Court, the Court NOW FINDS AND RULES AS FOLLOWS:

Defendants Warner/Chappell Music, Inc. and T-Boy Music, LLC's Motion to Dismiss is hereby **GRANTED**.

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I. Background

Plaintiffs are children of the deceased David Pryor, of the music group Thunder & Lightning. Third Amended Compl. ("TAC") ¶¶ 4-6. Each of the Plaintiffs has an ownership interest in the song entitled "Bumpin' Bus Stop," which was written by David Pryor. \underline{Id} .

Defendant Erik Francis Schrody a/k/a Everlast ("Everlast") is an American singer and songwriter; he is the front-man for the rap group House of Pain. at ¶ 7. Defendant Warner Bros. Records, Inc. ("WB Records") is an American record company engaged in the business of manufacturing, selling, and distributing musical recordings. Id. Defendant WB Records is owned by its parent company, Warner Music Group ("WMG"). Defendant Warner Bros. Entertainment, Inc. ("WB Entertainment") is a multi-media entertainment company that owns a television production division known as Warner Bros. Television, which creates and produces television content for various networks. <u>Id.</u> Defendant Warner/Chappell Music, Inc. ("Warner/Chappell") is an American music publisher owned and operated by its parent company WMG. Id.

Defendant Rhino Entertainment Company ("Rhino") is an

American record company owned by WMG. Defendant WEA International, Inc. ("WEA") ships and distributes WMG and Rhino affiliated musical recordings internationally. Id. Defendant T-Boy Music, LLC ("TB Music") is an American music publishing company that publishes, produces, and distributes music. Id.

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Plaintiffs are the heirs of David Pryor, who wrote the musical composition entitled "Bumpin' Bus Stop." Id. at ¶ 9. David Pryor also produced and recorded the fixed sound recording for "Bumpin' Bus Stop." Id. After he wrote the composition for "Bumpin' Bus Stop," David Pryor rented studio time, space, and equipment from Gold Future Recording Studio in Kirkwood, Missouri. Id. at ¶¶ 10-11. That recording session with David Pryor and his band, the Play Boys, resulted in a recording bearing the Gold Future label and artwork. Id. at ¶ 11. On the A-Side of the Gold Future record, David Pryor says "Hey Gang, let me show you something! It's the hottest thing and it's on its way to the top! Step up front . . . you dig! Get down with the Bus Stop!" Id. at ¶ 12. In 1974, after the Gold Future record was fully mixed and complete, David Pryor had a copyright notice stamped on his record while he and his band members promoted and distributed Id. at ¶ 13. the record.

In 1975, after David Pryor presented his Gold Future record to Private Stock Records, Private Stock Records used its equipment to enhance the mix and sound

quality of the original recording for "Bumpin' Bus Stop." Id. at ¶ 14. Private Stock Records changed the name of David Pryor's band to "Thunder & Lightning," changed the record title's spelling, and changed the record's artwork. Id.

Private Stock Record's music publisher, Caesar's Music Library ("Caesar's Music"), federally registered the composition to "Bumpin' Bus Stop" in January 1975 (Reg. No. Eu563138 and Eu563139). <u>Id.</u> at ¶ 15. The registrations misattribute authorship and omit that the work was based on David Pryor's preexisting 1974 work. <u>Id.</u>

David Pryor did not give Caesar's Music an assignment of rights or an exclusive license to the composition or record for "Bumpin' Bus Stop." Id. at ¶ 16. David Pryor likewise did not grant Caesar's Music an assignment or transfer of his renewal rights in the composition or record for "Bumpin' Bus Stop." Id. Private Stock Records obtained a compulsory license to distribute the record of "Bumpin' Bus Stop." Id.

David Pryor died on May 14, 2006. Id. at ¶ 18.

David Pryor did not discover any of the alleged acts of infringement by the Defendants during his lifetime.

Id. at ¶ 19. On June 16, 2011, the Probate Division of the Circuit Court of St. Louis County, Missouri, entered a Judgment Determining Heirs, granting ownership rights in the recording and composition of "Bumpin' Bus Stop" to Trena Steward, Lorenzo Pryor,

Karla Ray, Sheila Hines, and Margaret Pryor. <u>Id.</u> at \P 20, Ex. 3.

After the entry of the Judgment Determining Heirs, Plaintiffs demanded that Private Stock Records and Caesar's Music either furnish proof of any claim of ownership or correct the inaccurate copyright registrations. Id. at ¶ 22. On August 16, 2011, Caesar's Music assigned to Plaintiffs any and all of its purported rights in and to "Bumpin' Bus Stop" in exchange for a release of claims made by Plaintiffs. Id. On October 16, 2012, Private Stock Records did the same. Id.

Plaintiffs' composition and recording rights are the subject of Copyright Registration Nos. V3612D942 and V3613D044. Id. at \P 23.

Plaintiffs discovered that Caesar's Music entered into a sample agreement, dated June 16, 1998, with Defendant TB Music to sample and create derivative works based on the composition for "Bumpin' Bus Stop."

Id. at ¶ 25. Plaintiffs allege that Caesar's Music was not authorized to consent to the making of derivative works based on the composition for "Bumpin' Bus Stop."

Id. Plaintiffs further allege that Defendant TB Music gave unauthorized permission to Defendants WB

Entertainment, Rhino, WEA, Warner/Chappell, and WB

Records to use, exploit, and distribute a sample of the composition and record to "Bumpin' Bus Stop" by releasing a record entitled "Get Down." Id. "Get

Down" allegedly features Defendant Everlast and bears the copyright registration No. PA 917-380. <u>Id.</u> "Get Down" allegedly infringes on Plaintiffs' copyright by repeatedly sampling David Pryor's voice from the sound recording of "Bumpin' Bus Stop." <u>Id.</u> at ¶ 31.

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On May 1, 2012, Plaintiffs submitted a completed application for a separate copyright registration for the recording David Pryor made at Gold Future and published in 1974. $\underline{\text{Id.}}$ at ¶ 27.

Plaintiffs filed their initial Complaint on June 17, 2013 [1]. On June 20, 2013, they filed their First Amended Complaint [6]. On October 4, 2013, the Plaintiffs filed a Second Amended Complaint [12]. Finally, on November 18, 2013, the Plaintiffs filed the operative Third Amended Complaint [16]. In their TAC, Plaintiffs bring: (1) a claim for copyright infringement of the sound recording to "Bumpin' Bus Stop" against Defendants WB Entertainment, WB Records, WEA, and Rhino arising from their manufacture and distribution of Defendant Everlast's "Get Down" (TAC ¶¶ 29-47); (2) contributory copyright infringement against Defendant TB Music (\underline{Id} . at ¶¶ 48-52); (3) breach of an express contract against Defendant TB Music (Id. at ¶¶ 53-62); and (4) copyright infringement against Defendant WB Entertainment for allegedly creating an infringing musical recording in the opening theme song for the sitcom "Joey" (Id. at ¶¶ 63-71).

Defendants TB Music and Warner/Chappell filed the

Instant Motion to Dismiss on December 9, 2013 [19]. Plaintiffs voluntarily dismissed Defendant Warner/Chappell on December 18, 2013 [26].

II. Legal Standard

A. Motion to Dismiss Pursuant to Rule 12(b)(6)

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Federal Rule of Civil Procedure 12(b)(6) allows a party to move for dismissal of one or more claims if the pleading fails to state a claim upon which relief can be granted. Dismissal can be based on a lack of cognizable legal theory or lack of sufficient facts alleged under a cognizable legal theory. Balistreri v. Pacifica Police Dep't, 901 F.2d 696, 699 (9th Cir. 1990). However, a party is not required to state the legal basis for its claim, only the facts underlying McCalden v. Cal. Library Ass'n, 955 F.2d 1214, it. 1223 (9th Cir. 1990). In a Rule 12(b)(6) motion to dismiss, a court must presume all factual allegations of the complaint to be true and draw all reasonable inferences in favor of the non-moving party. Klarfeld v. United States, 944 F.2d 583, 585 (9th Cir. 1991).

The question presented by a motion to dismiss is not whether the plaintiff will prevail in the action, but whether the plaintiff is entitled to offer evidence in support of its claim. Swierkiewica v. Sorema N.A., 534 U.S. 506, 511 (2002). "While a complaint attacked by a Rule 12(b)(6) motion to dismiss does not need detailed factual allegations, a plaintiff's obligation to provide the 'grounds' of his 'entitle[ment] to

relief' requires more than labels and conclusions, and a formulaic recitation of a cause of action's elements will not do." <u>Bell Atl. Corp. v. Twombly</u>, 550 U.S. 544, 555 (2007) (internal citation omitted). Although specific facts are not necessary if the complaint gives the defendant fair notice of the claim and the grounds upon which the claim rests, a complaint must nevertheless "contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face." <u>Ashcroft v. Iqbal</u>, 556 U.S. 662, 678 (2009) (internal quotation marks omitted).

If dismissed, a court must then decide whether to grant leave to amend. The Ninth Circuit has repeatedly held that a district court should grant leave to amend even if no request to amend the pleadings was made, unless it determines that the pleading could not possibly be cured by the allegation of other facts.

Lopez v. Smith, 203 F.3d 1122, 1130 (9th Cir. 2000).

III. Discussion

A. Request for Judicial Notice

Plaintiffs include a Request for Judicial Notice with their Opposition. Dkt. #25. Plaintiffs request that this Court take judicial notice of: (1) Defendant TB Music's copyright registration for the composition "Get Down;" and (2) a copy of the 1998 sample agreement between Defendant TB Music and Caesar's Music. Id.

Under the incorporation by reference doctrine, the Court may "take into account documents 'whose contents

are alleged in a complaint and whose authenticity no party questions, but which are not physically attached to the [plaintiff's] pleading.'" Knievel v. ESPN, 393 F.3d 1068, 1076 (9th Cir. 2005) (quoting In re Silicon Graphics Inc. Sec. Litig., 183 F.3d 970, 986 (9th Cir. 1999)); see also Lee v. City of Los Angeles, 250 F.3d 668, 688 (9th Cir. 2001).

The TAC explicitly references both the sample agreement and Defendant TB Music's copyright registration. See Compl. ¶ 25. "Copyright certificates are the type of documents that the court may judicially notice under Rule 201(b)(2)." Warren v. Fox Family Worldwide, Inc., 171 F. Supp. 2d 1057, 1062 (C.D. Cal. 2001) (citing Oroamerica Inc. v. D & W Jewelry Co., Inc., 10 F. App'x 516, 517 n.4 (9th Cir. 2001); Metro Publ'q, Ltd. v. San Jose Mercury News, 987 F.2d 637 (9th Cir. 1993)). As such, the Court takes judicial notice of the copyright registration.

Additionally, Defendant TB Music does not appear to dispute the authenticity of the 1998 sample agreement, especially as it relies on the document in making one of its arguments. See Reply 12:1-8. Such licenses may be subject to judicial notice if they are necessarily relied upon in a complaint and their authenticity is not disputed. See Beijing Zhongyi Zhongbiao Elec.

Info. Tech. Co. Ltd. v. Microsoft Corp., C13-1300-MJP, 203 WL 6979555, at *3 (W.D. Wash. Oct. 31, 2013) (citing Knievel, 393 F.3d at 1076). Consequently, the

Court also takes judicial notice of the 1998 sample agreement.

B. Contributory Copyright Infringement

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"Contributory copyright infringement is a form of secondary liability with roots in the tort-law concepts of enterprise liability and imputed intent." Perfect 10, Inc. v. Visa Int'l Serv. Ass'n, 494 F.3d 788, 794-95 (9th Cir. 2007) (citing Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259, 264 (9th Cir. 1996); Perfect 10, Inc. v. Amazon.com, Inc., 487 F.3d 701 (9th Cir. 2007)). In the Ninth Circuit, "a defendant is a contributory infringer if it (1) has knowledge of a third party's infringing activity, and (2) 'induces, causes, or materially contributes to the infringing conduct.'" Id. at 795 (quoting Ellison v. Robertson, 357 F.3d 1072, 1076 (9th Cir. 2004)). Put another way, "one contributorily infringes when he (1) has knowledge of another's infringement and (2) either (a) materially contributes to or (b) induces that infringement."

1. Knowledge

Defendant TB Music argues that Plaintiffs' allegation that Defendant TB Music knew that Caesar's Music did not have authority to issue the 1998 license of rights in the "Bumpin' Bus Stop" musical composition is contradicted by their allegation that Caesar's Music had been the registered owner of the "Bumpin' Bus Stop" composition copyright since 1974. Mot. 9:1-8; Reply 8:10-16.

"A copyright registration 'is prima facie evidence of the validity of the copyright and the facts stated in the certificate.'" <u>United Fabrics Int'l, Inc. v.</u>

<u>C&J Wear, Inc.</u>, 630 F.3d 1255, 1257 (9th Cir. 2011)

(quoting 17 U.S.C. § 410(c); citing <u>S.O.S., Inc. v.</u>

<u>Payday, Inc.</u>, 886 F.2d 1081, 1085 (9th Cir. 1989)). In this sense, Defendant TB Music was entitled to rely upon Caesar Music's registration of "Bumpin' Bus Stop" in initially licensing it.

Yet simply because Defendant TB Music's initial licensing of "Bumpin' Bus Stop" may have been without knowledge of Caesar's Music's unauthorized registration does not mean that Defendant TB Music's subsequent licensing of "Get Down" was made without knowledge of Defendants WB Records, WB Entertainment, WEA, and Rhino's infringement.

Defendant TB Music next argues that Plaintiffs' claim is implausible because Defendant TB Music, as a music publisher, could not have knowingly licensed the use of the "Bumpin' Bus Stop" sound recording.

There is a distinction in the Copyright Act between musical compositions and sound recordings. See

Bridgeport Music, Inc. v. Dimension Films, 410 F.3d

792, 796 n.3 (6th Cir. 2005) ("Sound recordings and their underlying musical compositions are separate works with their own distinct copyrights"); Palladium

Music, Inc. v. EatSleepMusic, Inc., 398 F.3d 1193, 1197

n.3 (10th Cir. 2005) ("Sound recordings and their

underlying musical compositions are separate works with their own distinct copyrights"); In re Cellco P'ship,
663 F. Supp. 2d 363, 368 (S.D.N.Y. 2009) ("there are separate bundles of rights in a musical composition and in its embodiment in a sound recording"); Fharmacy
Records v. Nassar, 248 F.R.D. 507, 527 (E.D. Mich.
2008); Newton v. Diamond, 204 F. Supp. 2d 1244, 1249
(C.D. Cal. 2002); 17 U.S.C. § 102(a)(2), (7).

"A musical composition captures an artist's music in written form. A musical composition's copyright protects the generic sound that would necessarily result from any performance of the piece." Newton, 204 F. Supp. 2d at 1249 (citations omitted). In contrast, "the sound recording is the sound produced by the performer's rendition of the musical work." Id. at 1249-50 (citation omitted).

Finally, the Copyright Act defines a "music publisher" as "a person that is authorized to license the reproduction of a particular musical work in a sound recording." 17 U.S.C. § 1001(9). Such a definition suggest that a musical publisher only licenses musical works, or musical compositions. But this definition applies only in the context of Chapter 10 of the Copyright Act, covering Digital Audio Recording Devices and Media. 17 U.S.C. § 1001 ("As used in this chapter, the following terms have the following meanings") (emphasis added). This definition therefore has no bearing on Plaintiffs' allegation that

Defendant TB Music is a music publisher. In other words, even if Defendant TB Music is a music publisher, it could still plausibly have licensed sound recordings to the directly infringing Defendants.

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Nevertheless, the Court still finds that Plaintiffs have failed to sufficiently allege Defendant TB Music's knowledge of direct infringement by third parties.

"Contributory liability requires that the secondary infringer 'know or have reason to know' of direct infringement." A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1020 (9th Cir. 2001) (quoting <u>Cable/Home</u> Commc'n Corp. v. Network Prods., Inc., 902 F.2d 829, 845-46 n.29 (11th Cir. 1990); Religious Tech. Ctr. v. Netcom On-Line Commc'n Servs., Inc., 907 F. Supp. 1361, 1373-74 (N.D. Cal. 1995)). Moreover, to establish liability for contributory copyright infringement, Plaintiffs must allege "more than a generalized knowledge by the [Defendant] of the possibility of infringement." Luvdarts, LLC v. AT&T Mobility, LLC, 710 F.3d 1068, 1072 (9th Cir. 2013). In short, so long as Defendant TB Music knew that "Get Down" contained an unauthorized sample of the "Bumpin' Bus Stop" sound recording and that the other Defendants' distribution of "Get Down" would infringe on that sound recording, Defendant TB Music would have the requisite knowledge for contributory copyright infringement.

Plaintiffs have alleged that Defendant TB Music somehow knew that Caesar's Music was not authorized to

register the "Bumpin' Bus Stop" musical composition copyright. TAC ¶ 51. Plaintiffs also allege that "'Get Down' samples the recorded voice of David Pryor, exclaiming 'Get Down.'" TAC ¶ 31. Plaintiffs then allege that Defendant TB Music licensed "Get Down" to third parties. Id. at ¶ 51. Finally, Plaintiffs allege that the other Defendants infringed on Plaintiffs' copyright by incorporating the infringing vocal sample into "Get Down" and distributing that song. Id. at ¶ 32.

Crucially, what Plaintiffs fail to allege is how
Defendant TB Music knew or had reason to know that "Get
Down" included an unauthorized, infringing sample of
the "Bumpin' Bus Stop" sound recording. Moreover,
Plaintiffs fail to plausibly allege how Defendant TB
Music knew that the directly infringing Defendants Defendants WB Entertainment, WB Records, WEA, and Rhino
- would infringe as a result of Defendant TB Music's
licensing of "Get Down." For this reason, the Court
GRANTS Defendant TB Music's Motion to Dismiss
Plaintiffs' contributory copyright infringement claim.
However, the Court finds that Plaintiffs could still
cure their claim by alleging additional facts.
Accordingly, the Court DISMISSES Plaintiffs' second
claim with leave to amend.

C. Breach of Express Contract

Defendant TB Music argues that Plaintiffs' breach of contract claim fails for three reasons: (1)

Plaintiffs allege that the "Bumpin' Bus Stop" musical composition was not used (Reply 9:20-11:15); (2) the "Get Down" copyright registration only creates a rebuttable presumption that "Bumpin' Bus Stop" musical composition was used (Reply 11:16-24); and (3) the 1998 license clearly shows that Plaintiffs are not entitled to any royalties (Reply 11:25-12:10).

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The Court need not address the first two arguments because the third is dispositive. Plaintiffs allege that they retained the right "to collect performance royalties through ASCAP or BMI for the use of the" "Bumpin' Bus Stop" composition. TAC ¶ 56. However, the 1998 license states that Defendant TB Music was to pay "a non-returnable buyout fee" of \$1,750 "for all rights for the use of the" "Bumpin' Bus Stop" musical Request for Judicial Notice, Ex. 2. composition. While the terms of the license do state that Defendant TB Music was to register "Get Down" "with a performing rights organization" such as ASCAP or BMI, such registration was to be "in accordance with the terms of the agreement and the information attached herein as Exhibit A." Id. Neither the language of the agreement nor Exhibit A specifies that Caesar's Music is entitled to royalties. As the license "sets forth the entire understanding between the parties," Plaintiffs are not entitled to any payments or royalties from Defendant TB Music for its use of the "Bumpin' Bus Stop" musical composition. Id.

As such, the plain language of the license undermines Plaintiffs' breach of contract claim because it establishes that Defendant TB Music was not obligated to provide any more payments with respect to the license, even after registering "Get Down" with a performance rights organization. Accordingly, the Court GRANTS Defendant TB Music's Motion to Dismiss Plaintiffs' breach of contract claim. Furthermore, the Court finds that Plaintiffs cannot cure the claim by pleading additional facts as doing so would contradict the terms of the license. Accordingly, the Court DISMISSES Plaintiffs' third claim without leave to amend.

IV. Conclusion

For the foregoing reasons, the Court hereby GRANTS Defendants' Motion to Dismiss the Complaint [19]. Plaintiffs' second claim for contributory copyright infringement is DISMISSED with 20 days leave to amend. Plaintiffs' third claim for breach of express contract is DISMISSED without leave to amend.

IT IS SO ORDERED.

DATED: February 20, 2014

RONALD S.W. LEW

Senior, U.S. District Court Judge

HONORABLE RONALD S.W. LEW

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