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The New York Court of Appeals has left the world of pre-1972 sound recording performance rights at sea. In the spring of 2016 the United States Court of Appeals for the Second Circuit certified the following question to the state court; “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?”[1] Though the question was answered in the negative, the three opinions for the court left the arena in an ambiguous, if not irresolvable, place.

The issue arose because of a long-standing anomaly in the intellectual property treatment of sound recordings. For most of the twentieth century, federal copyright law did not protect ownership or public performance of recorded sounds. In 1972, the law was amended to grant protection, but only by barring duplication of the actual sounds on a record—in short by banning the making of bootleg copies. The change was stimulated by the development of widely available devices to copy music. However, rights in the performance of recorded sounds in public establishments or in their transmission were not included.[2] As a practical (though not legal matter) the significance of the distinction between the duplication of sounds and their performance largely dissipated with the advent of digital recording and transmission systems in the 1990s. While recordings of music from analog performance systems were easy to make in the 1980s, their quality was not as good as the original LPs or cassette tapes. Copies made from digital transmission systems, however, were as good as the original. That development finally led Congress in 1995 to provide performance rights in recorded sounds, but only for their use in digital audio transmissions.

It doesn’t take a genius to figure out what happened next. As digital transmissions grew in importance in the music business, those holding rights in pre-1972 recordings—those totally lacking federal protection—clamored for payment from the likes of Pandora, Spotify, and SiriusXM. They looked for succor to rules of common law copyright—state level cases protecting works not covered by federal copyright law. Diversity actions were filed in Florida, California, and New York federal district courts. The sound recording owners lost in Florida and won in California.[3] In New York, the results are muddied. After prevailing in the United States District Court for the Southern District of New York,[4] the defendants took an appeal. It was from that appeal that the question noted at the beginning of the blog was certified to the New York Court of Appeals.

The Court of Appeals proceeding resulted in three opinions.[5] Judge Leslie Stein wrote the first, and putative majority, opinion. Judges Eugene Pigott, Eugene Fahey, and Michael Garcia concurred. Judge Fahey wrote a separate concurring opinion. Judge Jenny Rivera wrote a dissent joined by Judge Sheila Abdus-Salaam. The seventh member of the court, Judge Janet DiFiore, did not participate. The seemingly clear cut 4-2 majority in favor of the defendants led many in the news media to write stories claiming that the owners of rights in old sound recordings simply lost.[6] A

reading of only Justice Stein's opinion would seem to confirm that. She concluded that the distinction between reproduction of sound recordings and their public performance was deeply embedded in New York common law jurisprudence, that the court should be reluctant to undo long held judicial views, and that there was no particular policy reason to create a right in the performance of sounds. The basic rule, she claimed, was designed to provide protection against piracy and little else.

Judge Fahey's separate concurring opinion confounds our treating Justice Stein's result as totally controlling. Pointing to the ability of subscribers to locate, play, and save specific pieces of music on "celestial jukebox" systems like Apple Music, Spotify's premium subscription, Rhapsody, and Amazon's Music Unlimited, he noted that, "To allow a user to regularly, specifically, and directly access an exact sound recording 'on-demand' is not to facilitate the 'public performance' of such recording, but to publish that work and therefore to infringe upon the right of the copyright holder to sell it . . . ." The jukebox systems, he argued, served as substitutes for the reproduction and distribution of recordings. While he agreed that New York common law copyright did not protect performance rights in old sound recordings, he argued that some forms of performance are substitutes for reproduction and distribution and should therefore be subject to control under the long standing New York rules protecting against piracy. And so he concluded, "While I agree with my colleagues in the majority that the question whether to recognize a right of 'public performance' in sound recordings fixed prior to February 15, 1972 is best answered by the legislature, I would conclude that 'public performance' does not include the act of allowing members of the public to receive the 'on-demand' transmission of sound recordings specifically selected by those listeners."

When placed together with the dissent of Judge Rivera, we therefore end up with a somewhat complicated 3-1-2 vote. Judge Rivera opined that the majority's distinction between performance and duplication rights was not as clear-cut as claimed, that the developments of modern technology justified revisiting New York common law rules, and that public policy supported ending the differences in treatment of pre- and post-1972 sound recordings. As a result she preferred to impose the same rules on older music as federal law imposes on more recent recordings.

The federal rules for contemporary sound recordings still omit protections for analog public performances of sound recordings. But after 1995, quite complex rules were adopted for the digital transmission of music.[7] Statutory royalty schemes were imposed on systems like Pandora that allow streaming of "genres" of music but do not give users the right to select specific pieces. For systems like Spotify and the others noted by Justice Fahey in his concurrence, contracts must be agreed to between the streaming services and the federal rights holders in the sounds. When you count up the votes, we have to conclude that digital transmitters like Pandora clearly prevailed 4-2. But "celestial jukebox" services are left in a deep swamp. As to them, the vote was 3-3! So not only did the New York Court of Appeals refuse to cope well with contemporary music distribution and streaming systems and decline to reach a result creating some degree of national uniformity with the other major result in California, it also failed to provide the Second Circuit Court of Appeals with the guidance it needs to fully resolve the case pending before it. I presume the Second Circuit now is left to its own devices to fully resolve the muddled case still on its docket.

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[1]. Flo & Eddie, Inc. v. Sirius XM Radio, Inc., 821 F.3d 265 (2d Cir. 2016).

[2]. But note well, that the owner of rights in musical compositions, as distinguished from sounds, had been granted both duplication and performance rights for many years. Fully explaining this anomaly would take much too much space in a blog. Suffice it to say it arose in the late nineteenth and early twentieth century days of music reproduction systems using player pianos and very low-

grade recordings. Player pianos totally lacked a performer. And recordings were of such low quality that the performances were deemed largely irrelevant. But as recording quality improved and radio systems blossomed the distinction between composition and sounds grew in importance. The differences in treatment still have not been totally obliterated.

[3]. Flo & Eddie, Inc. v. SiriusXM Radio, Inc., 2014 WL 4725382 (C.D. Ca). The California case later was settled. Ben Sisaro, *SiriusXM Agrees to Pay Up to $99 Million to Settle Turtles-Backed Copyright Case*, The New York Times (Nov. 29, 2016); https://www.nytimes.com/2016/11/29/arts/music/turtles-siriusxm-1972-copyright-settlement.html(Visited Jan. 15, 2017).

[4]. Flo & Eddie, Inc. v. SiriusXM Radio, Inc., 62 F.3d 325 (S.D.N.Y. 2015).

[5]. Flo & Eddie, Inc. v. SiriusXM Radio, Inc., 27 N.Y.3d 1015, 52 N.E.3d 240 (2016).

[6]. See, e.g., Jeff John Roberts, *SiriusXM Wins Appeal in Turtles Copyright Suit, Digital Music Battle Drags On*, Fortune (Dec. 20, 2016); http://fortune.com/2016/12/20/siriusxm-turtles-appeal/.

[7]. See 17 U.S.C. §114.