

IN THE
Supreme Court of the United States

CAPITOL RECORDS, LLC, CAROLINE RECORDS, INC., VIRGIN RECORDS AMERICA, INC., EMI BLACKWOOD MUSIC, INC., EMI APRIL MUSIC, INC., EMI VIRGIN MUSIC, INC., COLGEMS-EMI MUSIC, INC., EMI VIRGIN SONGS, INC., EMI GOLD HORIZON MUSIC CORP., EMI UNART CATALOG, INC., STONE DIAMOND MUSIC CORPORATION, EMI U CATALOG, INC., JOBETE MUSIC CO., INC.,

Petitioners,

v.

VIMEO, LLC, CONNECTED VENTURES, LLC,
DOES, 1-20 INCLUSIVE,

Respondents.

**On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Second Circuit**

REPLY BRIEF OF PETITIONERS

RUSSELL J. FRACKMAN
MARC E. MAYER
MITCHELL SILBERBERG &
KNUPP LLP
11377 West Olympic
Boulevard
Los Angeles, CA 90064
(310) 312-2000

CARTER G. PHILLIPS *
KWAKU A. AKOWUAH
CHRISTOPHER A. EISWERTH
SIDLEY AUSTIN LLP
1501 K Street, N.W.
Washington, D.C. 20005
(202) 736-8000
cphillips@sidley.com

CONSTANTINE L. TRELÀ, JR.
SIDLEY AUSTIN LLP
One South Dearborn
Chicago, IL 60603
(312) 853-7000

Counsel for Petitioners

March 7, 2017

* Counsel of Record

TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii
INTRODUCTION	1
I. THIS CASE IS A PROPER VEHICLE FOR RESOLVING A SQUARE SPLIT ON A CRITICAL COPYRIGHT ISSUE.....	3
II. THE SECOND CIRCUIT'S DECISION IS WRONG.....	7
CONCLUSION	12

TABLE OF AUTHORITIES

CASES	Page
<i>Alvez v. Am. Export Lines, Inc.</i> , 389 N.E.2d 461 (N.Y. 1979), <i>aff'd</i> , 446 U.S. 274 (1980).....	4
<i>ABC, Inc. v. Aereo, Inc.</i> , 134 S. Ct. 2498 (2014).....	3
<i>Carchman v. Nash</i> , 473 U.S. 716 (1985)	3
<i>Caterpillar Inc. v. Williams</i> , 482 U.S. 386 (1987).....	4
<i>Cuyler v. Adams</i> , 449 U.S. 433 (1981)	3
<i>Flanagan v. Prudential-Bache Sec., Inc.</i> , 495 N.E.2d 345 (N.Y. 1986)	4
<i>Flo & Eddie, Inc. v. Sirius XM Radio, Inc.</i> , ___ N.E.3d ___, 2016 WL 7349183 (N.Y. Dec. 20, 2016)	7
<i>Fortnightly Corp. v. United Artists Television, Inc.</i> , 392 U.S. 390 (1968), <i>superseded on other grounds by statute</i> , Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541, <i>as recognized in Capital Cities Cable, Inc. v. Crisp</i> , 467 U.S. 691 (1984).....	9
<i>Goldstein v. California</i> , 412 U.S. 546 (1973).....	7
<i>HGI Assocs. v. Wetmore Printing Co.</i> , 427 F.3d 867 (11th Cir. 2005).....	11
<i>People v. Turner</i> , 5 N.Y.3d 476 (2005).....	5
<i>Sekhar v. United States</i> , 133 S. Ct. 2720 (2013).....	9
<i>Teleprompter Corp. v. CBS, Inc.</i> , 415 U.S. 394 (1974), <i>superseded on other grounds by statute</i> , Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541, <i>as recognized in Capital Cities Cable, Inc. v. Crisp</i> , 467 U.S. 691 (1984).....	9

TABLE OF AUTHORITIES—continued

	Page
<i>U.S. Dep’t of Treasury v. Fabe</i> , 508 U.S. 491 (1993)	9
<i>UMG Recordings, Inc. v. Escape Media Grp., Inc.</i> , 107 A.D.3d 51 (2013)	3
<i>United States v. Boyle</i> , 469 U.S. 241 (1985)	5
<i>Whitman v. Am. Trucking Ass’ns</i> , 531 U.S. 457 (2001)	11

STATUTES

Sound Recording Amendment Act, Pub. L. No. 92-140, 85 Stat. 391 (1971)	8
Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541	8
Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998)	8
Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998)	8
17 U.S.C. § 301	2, 5, 9, 10
§ 512	6, 10, 11

LEGISLATIVE HISTORY

2 Omnibus Appropriations Act, 2009, H. Comm. on Appropriations on H.R. 1105, Public Law 111-8, Legislative Text and Explanatory Statement (Comm. Print 2009)	8
S. Rep. No. 94-473 (1975)	9

TABLE OF AUTHORITIES—continued

OTHER AUTHORITY	Page
U.S. Copyright Office, <i>Federal Copyright Protection for Pre-1972 Sound Recordings</i> (Dec. 2011).....	2, 6, 9

INTRODUCTION

Vimeo’s opposition completely fails to rebut the key points demonstrating why review is warranted.

First, Vimeo concedes that the Second Circuit’s decision conflicts squarely with a decision of New York’s appellate division. It tries to downplay the import of that split—federal and state trial courts within New York are now bound to apply opposing constructions of federal law—by claiming “the Second Circuit’s decision is binding upon all New York courts.” Opp. 10 n.2. The unsurprising truth is that New York courts display no such fealty to the Second Circuit. The conflict is real and consequential.

Second, Vimeo responds to essentially none of the points made by Petitioners (20-23) and *amici* (RIAA 11-19; ABKCO 17-19) about why the decision below would have far-reaching and detrimental ramifications. The decision diminishes vested rights in many timeless and commercially valuable recordings; increases their vulnerability to online piracy; and imposes federal burdens on state-law rights holders who do not share the counterbalancing benefits of federal copyright. Vimeo glibly responds that the music industry should be satisfied with its lot and suggests—falsely—that the Copyright Office shares Vimeo’s satisfaction with piecemeal judicial amendment. Opp. 13. The agency actually said federalization would seriously unsettle existing state-law rights unless properly managed through comprehensive legislation. See Pet. 12-13. Our point precisely.

Third, Vimeo claims this case is a “poor vehicle” (Opp. 27), but does not identify any actual obstacle to the Court’s consideration of the single question presented. As Vimeo said when it sought (and obtained) interlocutory review below, the question presented

“turns almost exclusively on a question of statutory interpretation,” which a “reviewing court could decide … quickly and cleanly without having to study the record.” Petition for Permission to Appeal at 10-11, *Vimeo, LLC v. Capitol Records, LLC*, No. 14-15 (2d Cir. Jan. 10, 2014) (ECF No. 1) (“§ 1292 Petition”). On this, we agree.

We disagree, of course, about the merits, and on that score Vimeo’s opposition betrays the frailty of the decision below, which hinges on the claim that “the term ‘infringement of copyright’ has a common-law meaning that is not restricted to either federal or state copyright,” and thus, as used in the DMCA, encompasses both. Opp. 14 (citing Pet. App. 19a, 21a). But Vimeo cannot identify *even one* prior instance where this oft-employed statutory phrase “infringement of copyright” has been so construed. Neither could the Copyright Office. It said: “[N]umerous other limitations and exceptions in Title 17 … are also express limitations on the right to recover for ‘infringement of copyright.’ Yet *none of these exceptions in the federal copyright statute has ever been applied directly to any claims under state law.*” U.S. Copyright Office, *Federal Copyright Protection for Pre-1972 Sound Recordings* 132 (Dec. 2011) (“Report”) (emphasis added; footnote omitted).

So at the end of the day, Vimeo’s position is that Congress used an established phrase to convey a meaning never before ascribed to it, did so without spelling out that new meaning, and intended the new meaning to override (i) its express command that “rights or remedies under the common law or statutes of any State shall not be annulled or limited by [the Copyright Act] until February 15, 2067,” 17 U.S.C. § 301(c), and (ii) the settled presumptions against implied repeal and state-law preemption.

That startling conclusion plainly merits review or, at a minimum, an invitation to the Solicitor General to allow the Copyright Office and the United States to be heard on this question.

I. THIS CASE IS A PROPER VEHICLE FOR RESOLVING A SQUARE SPLIT ON A CRITICAL COPYRIGHT ISSUE.

Vimeo concedes (Opp. 10) that the Second Circuit’s decision is directly contrary to the decision of New York’s Appellate Division, First Department, in *UMG Recordings, Inc. v. Escape Media Group, Inc.*, 107 A.D.3d 51, 59 (2013), and further concedes (Opp. 6) that the decision is contrary to the considered view of the U.S. Copyright Office—the federal agency primarily charged with interpreting and applying the Copyright Act.

Vimeo nonetheless contends that this split does not merit review. Opp. 9-10. Vimeo is wrong.

1. Vimeo first claims the split should not be reviewed because this Court’s Rule 10 expressly refers to conflicts involving “a state court of last resort” rather than an intermediate state court. *Id.* But Rule 10 makes clear that its factors are not an exclusive list but merely “indicate the character of the reasons the Court considers.” Indeed, this Court has previously considered conflicts between federal and state intermediate courts in granting certiorari, see, e.g., *Carchman v. Nash*, 473 U.S. 716, 723-24 (1985); *Cuyler v. Adams*, 449 U.S. 433, 435-36 & n.2 (1981).¹

The direct conflict between the Second Circuit and the First Department particularly merits review be-

¹ Further, this Court has repeatedly reviewed cases arising under the Copyright Act that do not involve any split. See, e.g., *ABC, Inc. v. Aereo, Inc.*, 134 S. Ct. 2498, 2504 (2014).

cause of its intra-jurisdictional character. As previously described (Pet. 17), this split means that in cases properly venued in New York, whether a defendant can raise a federal defense to a state-law claim turns on whether the claim is adjudicated in state or federal court, and thus on whether a jurisdictional hook, unrelated to the federal defense, is present on the face of the complaint. *Caterpillar Inc. v. Williams*, 482 U.S. 386, 392 (1987). Given the central role New York plays in the music industry (see RIAA 11-13), many potentially case-dispositive jurisdictional battles lie ahead unless the conflict is resolved.

Vimeo wishes this away by asserting it is the Second Circuit’s decision, not *Escape Media*, that “is binding upon all New York courts, including those in the First Department.” Opp. 10 n.2 (citing *Flanagan v. Prudential-Bache Sec., Inc.*, 495 N.E.2d 345, 348 (N.Y. 1986)). Not so. *Flanagan* actually reaffirmed that New York courts, “while giving due respect to decisions of the Second Circuit,” are free to “disagree[] with its interpretation” of “a Federal statute.” 495 N.E.2d at 348.

Flanagan noted that New York courts will follow consensus views of the lower federal courts in a situation not relevant here—where federal law fully “governs the rights and liabilities of the parties,” such as where federal common law supplies the rule of decision. See *Alvez v. Am. Export Lines, Inc.*, 389 N.E.2d 461, 462 (N.Y. 1979), *aff’d*, 446 U.S. 274 (1980), *cited with approval in Flanagan*, 495 N.E.2d at 348. But where “State law [is] applicable notwithstanding the existence of a Federal question,” New York courts are “free to render a decision on such Federal question differing from pertinent Federal court decisions save a controlling determination of the Supreme Court.” 389 N.E.2d at 462-63.

That is the situation here. As Vimeo concedes (Opp. 12), state law defines the underlying rights. Under these circumstances, the rule cited by Vimeo would not apply even if (contrary to fact) the Second Circuit's decision were part of a broad-based consensus. The First Department's decision, not the Second Circuit's, is "binding on all trial-level courts in the state." *People v. Turner*, 5 N.Y.3d 476, 482 (2005).

2. Vimeo also claims this issue is not sufficiently important to review, primarily contending that the Second Circuit's decision produces a laudable policy outcome that should be left in place. Opp. 10-12.

Of course, the whole question here is whether Congress imposed a safe-harbor policy on state-protected pre-1972 recordings or, as Petitioners and *amici* contend (Pet. 20-23; RIAA 11-19, ABKCO 17-19), left the matter up to the States, consistent with the congressional declaration that "any rights or remedies [in such recordings] under the common law or statutes of any State shall not be annulled or limited [by the Copyright Act] until February 15, 2067."² 17 U.S.C. § 301(c).

² This provision answers Vimeo's query about why Congress would apply the DMCA safe harbors to recordings by U2 but not Elvis. Opp. 2. All pre-1972 sound recordings are *entirely* outside federal copyright; *all* subsequently fixed recordings are *entirely* within federal copyright. Differential application of the safe harbors is just one aspect of that encompassing legislative choice. Nor is there anything unusual about the bright temporal line Congress drew (February 15, 1972); "fixed dates ... are often essential to accomplish necessary results." *United States v. Boyle*, 469 U.S. 241, 249 (1985). Moreover, widely available filtering technology can screen music posted on sites like Vimeo's. Although Vimeo filters other content, it refuses, in contrast to other providers, to do so for music. Vimeo's claims of practical difficulties are therefore particularly hollow. *Contra* Opp. 6 & 26 n.13.

Vimeo’s policy pitch is also unconvincing. Vimeo claims the DMCA’s notice-and-takedown framework is an efficient method of combating online piracy, but nowhere addresses the serious shortcomings that we and the Copyright Office have described. See *Report* at 130 (noting “practical difficulties, for both copyright owners and Internet service providers, of dealing with the unanticipated large volume of ‘take-down’ notices generated in response to massive infringement on the Internet”).

And while Vimeo sometimes suggests (Opp. 12) that owners of pre-1972 recordings are entitled to take part fully in the DMCA, including its notice-and-takedown framework, at other points it argues that integral aspects of the regime cannot apply to pre-1972 recordings. For example, Vimeo says the provision allowing “[a] copyright owner or a person authorized to act on the owner’s behalf” to secure a subpoena requiring an internet service provider to disclose information about an infringer, 17 U.S.C. § 512(h), cannot apply to pre-1972 recordings because it uses the phrase “under this title.” Opp. 19. It says the same about the DMCA’s critical anti-circumvention provisions. We later explain (*infra* at 10-11) why Vimeo’s construction of “under this title” is misguided, but the present point is this: It makes no sense to think that Congress, without discussion, applied a *partial* version of the DMCA to pre-1972 recordings and a *broader* one to subsequent recordings.

3. This case also presents the issue cleanly, Vimeo’s meek protests notwithstanding. Opp. 27-29.

Vimeo points to the interlocutory posture of the case, but ignores its prior contention, in seeking interlocutory review, that this case “present[s] important and purely legal questions” that a “reviewing court could decide ... quickly and cleanly.” § 1292

Petition at 1, 10. The Second Circuit’s opinion, though legally erroneous, bears out Vimeo’s prediction.

Vimeo also argues that review should be denied because Vimeo would raise an alternative argument if this Court reverses. Opp. 28-29. That is a very ordinary circumstance—remand arguments of some kind are available in virtually every case. Finally, Vimeo errs in claiming that New York law is “undeveloped” and should be permitted to “develop further.” Opp. 29. It is beyond puzzling to assert that a *federal ruling that preempts state law* sets the table for further state-law development. Moreover, the decision Vimeo cites *reaffirms* that New York law prohibits the “unauthorized copying and sale” of pre-1972 recordings. It only then addressed a “separate and distinct” matter not at issue here—holding that “public performance” of such recordings is not protected by New York common law. *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, __ N.E.3d __, 2016 WL 7349183 (N.Y. Dec. 20, 2016). Plaintiffs’ claims for unlawful reproduction, distribution, and adaptation of recordings protected under New York law are unaffected by *Flo & Eddie*, and would proceed but for the decision below.

II. THE SECOND CIRCUIT’S DECISION IS WRONG.

When Congress made sound recordings eligible for federal copyright protection, it chose to apply federal law to subsequent creations only, leaving prior works subject to exclusive state-law governance—as they always had been. *Goldstein v. California*, 412 U.S. 546, 552 (1973).

Congress thus wrote in 1971 that “nothing in [the Copyright Act] shall be applied retroactively or construed as affecting in any way any rights with respect

to sound recordings fixed before the effective date of this Act,” Pub. L. No. 92-140, § 3, 85 Stat. 391, 392 (1971). Twice thereafter, Congress wrote that “[w]ith respect to sound recordings fixed before February 15, 1972, any rights or remedies under the common law or statutes of any State shall not be annulled or limited by this title” for many years hence. Pub. L. No. 94-553, § 301(c), 90 Stat. 2541, 2572 (1976); Pub. L. No. 105-298, § 102(a), 112 Stat. 2827, 2827 (1998). The second of these re-enactments occurred on October 27, 1998. The very next day, Congress enacted the DMCA, which imposed “limitations on liability” for “infringement of copyright,” but did not address pre-1972 recordings and did not address, in any regard, the subject of state-law preemption. Pub. L. No. 105-304, 112 Stat. 2860 (1998). Finally, in 2009, Congress directed the Copyright Office to “conduct a study on the desirability of and means for bringing sound recordings fixed before February 15, 1972, under federal jurisdiction.” 2 Omnibus Appropriations Act, 2009, H. Comm. on Appropriations on H.R. 1105, Public Law 111-8, Legislative Text and Explanatory Statement 1769 (Comm. Print 2009).

The question here is whether, in light of that statutory design and history, and the presumptions against implied repeal and state-law preemption, the DMCA adopted a federal-law defense that limits state-law causes of action. The answer is simple. It did not. Nothing in any relevant statute betrays any intention by Congress to undo its categorical rule: pre-1972 recordings are governed by state law; subsequent recordings are ruled by federal law.

Vimeo’s attempt to show otherwise fails.

1. Vimeo invokes the interpretive rule (Opp. 14 & n.6) that “*absent other indication*, Congress intends to incorporate the well-settled meaning of the com-

mon-law terms it uses,” but omits the critical “absent other indication” qualifier. *Sekhar v. United States*, 133 S. Ct. 2720, 2724 (2013) (emphasis added). It then plows on to assert that “infringement of copyright” embraces every possible “species of the genus” (Opp. 14).

There are many indications that this assertion is unjustified. Congress repeatedly said it would not “annul[] or limit[]” state-law “rights or remedies.” 17 U.S.C. § 301(c). Congress can be presumed to know that when it writes such provisions, the courts will treat them as imposing a “clear-statement rule” of non-preemption. *U.S. Dep’t of Treasury v. Fabe*, 508 U.S. 491, 507 (1993).

As used in the Copyright Act, “infringement of copyright” has always been applied to *federal* copyright.³ That is consistent with section 501 of the Copyright Act (“Infringement of Copyright”), which refers specifically to *federal* rights defined by the Act, and as the Act’s legislative history unsurprisingly indicates, was intended to provide “a general statement of what constitutes infringement of copyright.” S. Rep. No. 94-473, at 141 (1975). And though Vimeo quibbles with our reading of this Court’s precedents (Opp. 9), the argument is extremely one-sided. Those precedents, in concert with the leading copyright treatise, indicate that “infringement is delineated in a negative fashion by the § 1 enumeration of rights exclusive to the copyright holder.” *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390, 395 n.10 (1968) (citing M. Nimmer, *Copyright* § 100 (1968)); *Teleprompter Corp. v. CBS, Inc.*, 415 U.S. 394, 398 n.2 (1974) (“it is settled that unauthorized

³ Vimeo refuses to take our word for it (Opp. 14-15), but fails to acknowledge that the Copyright Office agrees. *Report* at 132.

use of copyrighted material inconsistent with the ‘exclusive rights’ enumerated in § 1, constitutes copyright infringement under federal law”).

2. Vimeo is thus reduced to arguing that these precedents do not conclusively *rule out* that “infringement of copyright” refers to state law. Opp. 14-15 & n.7, 16, 17. That gives away the game. In light of section 301(c)’s clear and categorical language, and the presumptions against implied repeal and state-law preemption, it would take a *clear* statement, not a not-quite-conclusively-ruled-out construction, to yield the reading Vimeo embraces (Pet. 26-27)—as Vimeo basically concedes (Opp. 23-24 & nn.11-12).

3. Vimeo’s remaining “textual” and “structural” arguments fare no better. For example, Vimeo contends the phrase “under this title” *must* be used to distinguish between provisions of the Copyright Act that apply only to federally-protected works and those that apply also to state-protected works. Opp. 19-20. That argument is deeply flawed. With limited exceptions, the Copyright Act preempts every “equivalent” state-law right, 17 U.S.C. § 301(a), so there would be no obvious reason for Congress to draw federal-state distinctions on a provision-by-provision basis. And Vimeo overlooks the natural explanation: Congress is using phrases like “under this title” and “under this section” for the anodyne purpose of ordering interactions between provisions of *federal* law.

For instance, section 512(l) says a service provider’s failure to qualify for safe-harbor protection gives rise to no inference about whether the provider’s conduct is “not infringing *under this title* or any other defense.” 17 U.S.C. § 512(l) (emphasis added). Vimeo posits this use of “under this title” “makes sense only if the safe harbors apply to *claims* of copyright arising outside of Title 17—*i.e.*, state-law copyright in-

fringement.” Opp. 19. Not so. “[A]ny other defense” surely refers to *defenses*, not claims. And the “other defense[s]” envisioned likely are commonplace defenses like waiver and estoppel that are not described in Title 17 but can defeat an infringement claim. *E.g.*, *HGI Assocs. v. Wetmore Printing Co.*, 427 F.3d 867, 875-76 (11th Cir. 2005) (holding copyright claims estopped).

Likewise, Vimeo fails to consider whether “under this title” is used in the same workaday manner as “under this subsection” and “under this section”—phrases that are common not just to the DMCA (*e.g.*, 17 U.S.C. § 512(c)(3)(A), (f), (j)), but the entire U.S. Code. It is thus not the case that our reading of the statute produces “inconsequential boilerplate.” Opp. 19. It quite properly gives ordinary rather than transformative effect to unremarkable statutory phrases, consistent with the principle that Congress “does not ... hide elephants in mouseholes.” *Whitman v. Am. Trucking Ass’ns*, 531 U.S. 457, 468 (2001). The Second Circuit paid no heed to that caution. This Court should grant, and reverse.

CONCLUSION

For these reasons, the petition for certiorari should be granted. In the alternative, the Court should call for the views of the Solicitor General.

Respectfully submitted,

RUSSELL J. FRACKMAN
MARC E. MAYER
MITCHELL SILBERBERG &
KNUPP LLP
11377 West Olympic
Boulevard
Los Angeles, CA 90064
(310) 312-2000

CARTER G. PHILLIPS *
KWAKU A. AKOWUAH
CHRISTOPHER A. EISWERTH
SIDLEY AUSTIN LLP
1501 K Street, N.W.
Washington, D.C. 20005
(202) 736-8000
cphillips@sidley.com

CONSTANTINE L. TRELA, JR.
SIDLEY AUSTIN LLP
One South Dearborn
Chicago, IL 60603
(312) 853-7000

Counsel for Petitioners

March 7, 2017

* Counsel of Record