

Thurgood Marshall U.S. Courthouse 40 Foley Square, New York, NY 10007 Telephone: 212-857-8500

MOTION INFORMATION STATEMENT

Docket Number(s): 15-1164 Caption [use short title] \_\_\_\_\_

Motion for: permission to file supplemental letter Flo & Eddie, Inc.,  
Plaintiff-Appellee

v.

Set forth below precise, complete statement of relief sought:  
Plaintiff-Appellee respectfully requests  
permission to file supplemental letter Sirius XM Radio, Inc.,  
Does 1 through 10, Defendant-Appellant,  
Defendants

MOVING PARTY: Flo & Eddie, Inc. OPPOSING PARTY: Sirius XM, Inc.  
 Plaintiff  Defendant  
 Appellant/Petitioner  Appellee/Respondent

MOVING ATTORNEY: Michael Gervais OPPOSING ATTORNEY: Daniel M. Petrocelli  
[name of attorney, with firm, address, phone number and e-mail]

Susman Godfrey L.L.P. O'Melveny & Myers LLP  
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(212) 336-8330 / mgervais@susmangodfrey.com (310) 553-6700 / dpetrocelli@omm.com

Court-Judge/Agency appealed from: Hon. Colleen McMahon, USDC, Southern District of New York

Please check appropriate boxes:  
Has movant notified opposing counsel (required by Local Rule 27.1):  
 Yes  No (explain): \_\_\_\_\_

Opposing counsel's position on motion:  
 Unopposed  Opposed  Don't Know  
Does opposing counsel intend to file a response:  
 Yes  No  Don't Know

FOR EMERGENCY MOTIONS, MOTIONS FOR STAYS AND INJUNCTIONS PENDING APPEAL:  
Has request for relief been made below?  Yes  No  
Has this relief been previously sought in this Court?  Yes  No  
Requested return date and explanation of emergency: \_\_\_\_\_

Is oral argument on motion requested?  Yes  No (requests for oral argument will not necessarily be granted)

Has argument date of appeal been set?  Yes  No If yes, enter date: \_\_\_\_\_

Signature of Moving Attorney: s/ Michael Gervais Date: 1/26/17 Service by:  CM/ECF  Other [Attach proof of service]

**IN THE UNITED STATES COURT OF  
APPEALS FOR THE SECOND CIRCUIT**

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No. 15-1164-cv

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FLO & EDDIE, INC., a California Corporation,  
individually and on behalf of all others similarly  
situated, *Plaintiff-Appellee*,

v.

SIRIUS XM RADIO INC., a Delaware Corporation,  
*Defendant-Appellant*,

DOES 1 THROUGH 10,  
*Defendants*.

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On Appeal from the United States District Court for the Southern District of New  
York

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**MOTION TO FILE SUPPLEMENTAL LETTER BROEF**

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Flo & Eddie, Inc. (“Flo & Eddie”) respectfully moves for leave to file the attached supplemental letter brief. Pursuant to the Court’s December 29, 2016 order, the parties submitted letter briefs on January 17, 2017 addressing the effect of the New York Court of Appeals’ (“NYCA”) recent decision (Doc. 207). Flo & Eddie seeks leave to file a response to the new “mootness” argument raised by Sirius XM in its January 17 letter brief regarding the NYCA decision. Because Sirius XM raised this new “mootness” argument for the first time after Flo & Eddie’s letter was filed, Flo & Eddie respectfully moves for leave the attached brief, which explains why Sirius XM’s “mootness” argument is wrong.

Before submitting this request, Flo & Eddie conferred with Sirius XM, which indicated it opposed the request but would seek to submit a supplemental brief of its own if supplemental

Dated: January 26, 2017

By: s/ Michael Gervais

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January 26, 2017

### **VIA ECF SYSTEM**

Catherine O'Hagan Wolfe, Clerk of the Court  
United States Court of Appeals for the Second Circuit  
Thurgood Marshall United States Courthouse  
40 Foley Square  
New York, New York 10007

Re: *Flo & Eddie, Inc. v. Sirius XM Radio Inc., No. 15-1164*

Dear Clerk of the Court:

Flo & Eddie, Inc. ("Flo & Eddie") respectfully seeks leave to submit this supplemental letter brief for consideration in response to the new "mootness" argument raised by Sirius XM in its January 17, 2017 letter brief regarding the December 20, 2016 decision by the New York Court of Appeals ("NYCA"). Flo & Eddie conferred with Sirius XM, which indicated it opposed the request but would seek to submit a supplemental brief of its own if supplemental briefing is permitted. Flo & Eddie do not oppose that conditional request.

\* \* \*

Sirius XM relies on matter outside the record—*i.e.*, the parties' settlement agreement—in urging that the Court need not consider the fundamental question that remains open following the NYCA's ruling on the certified question: Whether, under New York unfair competition and copyright law, *and independent of the any separate right of public performance that would make the performance itself a violation of New York copyright law*, Sirius XM is entitled to publicly perform the pre-1972 recordings owned by Flo & Eddie that it has copied without authorization? Flo & Eddie contend the answer to that question clearly is "no"; Sirius XM's public

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United States Court of Appeals for the Second Circuit  
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performances of Flo & Eddie's pre-1972 recordings satisfies the element of distribution required for claim based on Sirius XM's unauthorized copying of their sound recordings and constitutes unfair competition; and the District Court's decision on summary judgment thus should be affirmed. At a minimum, further proceedings in the District Court would be required to determine whether the answer to that question is anything other than "no."

Sirius XM nonetheless asks the Court to conclude that the parties' nationwide settlement agreement requires dismissal of Flo & Eddie's remaining claims as "moot." Sirius XM's Jan. 17, 2017 Letter Br. at 6, 12. Sirius XM's position is based on a mischaracterization of the terms of settlement agreement. That agreement is pending preliminary approval in the Central District of California, and the parties have agreed as part of that settlement that any dispute concerning its interpretation be resolved by that Court. Settlement Agreement ¶ X.E. Sirius XM contends that the NYCA opinion and the parties' settlement "requires dismissal of Flo & Eddie's performance claims on the merits," and that Flo & Eddie maintain that controlling issues of copyright and unfair competition law remain open "solely to extract unwarranted benefits under the parties' settlement agreement." Sirius XM's Jan. 17, 2017 Letter Br. at 2-3. In fact, however, it is Sirius XM that has violated the terms of the settlement agreement by asking this Court to interpret its terms and to resolve this appeal in its favor based on a position that is flatly at odds with the plain language of the agreement. Indeed, Sirius XM has now indicated that it may seek rescission of the settlement based on Flo & Eddie's interpretation of the agreement, which only provides further confirmation that this dispute is not moot.

Sirius XM cites paragraph III.B of the agreement, which in fact states that "[t]he Parties preserve their respective rights to proceed with the New York Appeal and any further

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proceedings,” and provides for dismissal only “after the conclusion of the New York Appeal” and remand to the “New York Court” (the “New York Appeal” is defined to include the proceedings in this Court, and the “New York Court” is defined as the District Court). Settlement Agreement ¶¶ III.B, I.25-26. Nothing in that language requires dismissal without consideration on the merits of whether the NYCA opinion precludes any finding of liability under unfair competition or copyright law based on Sirius XM’s copying and public performances of the Flo & Eddie recordings without authorization.

Sirius XM also ignores the following additional provisions of the settlement agreement that undermine its position regarding the effect of the NYCA opinion on this appeal and Flo & Eddie’s rights under the agreement:

- Paragraph I.29, which defines the “Performance Rights Issue” to “mean[] the question of whether Sirius XM is entitled to publicly perform Pre-1972 Sound Recordings owned by Plaintiff without having to obtain permission from and pay compensation to Plaintiff.” The “Performance Rights Issue” is not defined by reference to a common law copyright right of public performance, but rather unambiguously encompasses any unfair competition or copyright violation based on Sirius XM’s public performance of Flo & Eddie’s sound recordings.
- Paragraph I.45, which states that “Sirius XM Prevails,” if “*as a result of the appeal*, Sirius XM is entitled to publicly perform Pre-1972 Sound Recordings owned by Plaintiff without having to obtain permission from and pay compensation to Plaintiff,” and that “*any other outcome or resolution . . . shall be considered one in which Plaintiff Prevails.*” (emphasis added)

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United States Court of Appeals for the Second Circuit  
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- Paragraph IV.B.I, which states that “[i]n the event that Plaintiff Prevails on the Performance Rights Issue in the New York Court of Appeals, Sirius XM shall pay into the Settlement Fund Escrow Account an additional five million (\$5 million).”

Together, these provisions of the settlement make it clear that whether “Plaintiff Prevails” for purposes of the settlement *does not* turn on the discrete legal question of whether New York common law of copyright provides a right of public performance, but rather depends on whether the NYCA determined that “Sirius XM is entitled to publicly perform Pre-1972 Sound Recordings owned by Plaintiff without having to obtain permission from and pay compensation to Plaintiff.” *Id.* ¶ I.29. It did not, and instead expressly concluded that “even in the absence of a common-law right of public performance, plaintiff has other potential avenues of recovery.” NYCA Opinion at 35. Consequently, and notwithstanding the NYCA’s answer to the certified question of New York copyright law, the NYCA Opinion yielded a circumstance in which “Plaintiff Prevail[ed]” for purposes of the settlement. The class is thus owed an additional \$5 million, with any dispute concerning the interpretation of the agreement resolved in the Central District of California. Because “Plaintiff Prevails” is defined to include *any* “outcome or resolution” in which the NYCA did not conclude that Sirius XM was “entitled” to publicly perform Flo & Eddie’s pre-1972 recordings without authorization or compensation, whereas the NYCA did not foreclose liability under unfair competition law and based on Sirius XM’s distribution of Flo & Eddie’s recordings through public performances after making unauthorized copies of those recordings, that conclusion follows from the plain language of the agreement.

As Sirius XM acknowledges in its letter brief, its motion for summary judgment in the District Court was predicated on its contention that “all of Flo & Eddie’s claims rest on the

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United States Court of Appeals for the Second Circuit  
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existence of a New York common law right of public performance in pre-1972 recordings.” Sirius XM’s Jan. 17, 2017 Letter Br. at 4. However, the NYCA opinion clarified that this premise is untenable. Independent of whether there is any common law copyright interest in the public performance (which the NYCA ruled there is not), the NYCA specifically noted that Flo & Eddie could have “other potential avenues of recovery,” NYCA Opinion at 35, *i.e.*, their claims that Sirius XM’s public performances of their sound recordings violated New York unfair competition law or were unlawful because they constituted the commercial exploitation of unauthorized copies of copyrighted recordings. NYCA Opinion at 35.

Nor is there any basis for Sirius XM’s suggestion that the NYCA’s reference to *plaintiff* having “other potential avenues of recovery” was intended merely to suggest “that pre-1972 owners in *some circumstances* may be able to bring unfair competition claims, such as where a defendant creates pirated copies of recordings and sells them in competition with the recording owner.” Sirius XM’s Jan. 17, 2017 Letter Br. at 9. Rather, the NYCA made it perfectly clear that *Flo & Eddie* have “other potential avenues of recovery” based on the facts at issue *in this case*—*i.e.*, the possibility that Sirius XM’s unauthorized copying and commercial exploitation of their pre-1972 recordings through its public performance of those recordings may constitute violations of the common law of copyright and unfair competition.

For each of the foregoing reasons, Plaintiff respectfully submits that their remaining claims based on Sirius XM’s public performances are not moot, and requests that the District Court’s decision granting summary judgment should be affirmed or, alternatively, that the matter should be remanded to the District Court for further proceedings consistent with the NYCA Opinion.



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Respectfully submitted,

*/s/ Henry Gradstein*

Henry Gradstein  
GRADSTEIN & MARZANO, P.C.

Arun Subramanian  
Michael Gervais  
SUSMAN GODFREY L.L.P.

cc: All Counsel

## Nikki Kustok

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**From:** cmecf@ca2.uscourts.gov  
**Sent:** Thursday, January 26, 2017 1:54 PM  
**To:** Nikki Kustok  
**Subject:** 15-1164 Flo & Eddie, Inc. v. Sirius XM Radio, Inc. "Motion FILED to file supplemental brief"

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### Court of Appeals, 2nd Circuit

#### Notice of Docket Activity

The following transaction was filed on 01/26/2017

**Case Name:** Flo & Eddie, Inc. v. Sirius XM Radio, Inc.

**Case Number:** [15-1164](#)

**Document(s):** [Document\(s\)](#)

#### Docket Text:

MOTION, to file supplemental brief, on behalf of Appellee Flo & Eddie, Inc., FILED. Service date 01/26/2017 by CM/ECF. [1956024] [15-1164]

#### Notice will be electronically mailed to:

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