UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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JOHN WAITE, an individual, et al.,

Plaintiffs,

-against-

19-cv-1091 (LAK)

UMG RECORDINGS, INC., et al.,

Defendants.

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MEMORANDUM OPINION
(Corrected)

Appearances:

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LEWIS A. KAPLAN, *District Judge.*

Aspiring singers, musicians, authors and other artists – sometimes young and inexperienced and often not well known – tend to have little bargaining power in negotiating financial arrangements with recording companies, publishers, and others who promote and commercialize the artists' work. They often grant copyright in that work as part of the bargain they strike for promotion and commercialization. Accordingly, when an artistic work turns out to be a "hit," the lion's share of the economic returns often goes to those who commercialized the works rather than to the artist who created them. Section 203 of the Copyright Act of 1976 established a limited opportunity for artists to terminate the copyright ownership that they had granted to commercializers decades earlier in order to address this issue. The idea was that termination of these rights would more fairly balance the allocation of the benefits derived from the artists' creativity. Termination is effectuated by serving the grantee with written notice.[1]

This is a purported class action by recording artists whose albums were released by predecessors in interest of defendant UMG Recordings, Inc. ("UMG"), and Capitol Records, LLC ("Capitol") pursuant to agreements the artists signed in the 1970s and 1980s that granted copyright in their works to UMG's and Capitol's predecessor recording companies. These grants allowed those companies (and now UMG and Capitol) to market, distribute, and sell the artists' sound recordings.

Each member of the class allegedly has terminated that grant as to the sound recordings comprising certain albums. Defendants dispute the validity of those terminations. The matter, however, now is before the Court on a far more limited issue. The defendants seek summary

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[1] 17 U.S.C. § 203(a)(4).

judgment dismissing the copyright infringement claim of plaintiff Kasim Sulton on the basis that the defendants – even assuming that Mr. Sulton's putative notice of termination was effective on the date claimed, and thus that Mr. Sulton has held the copyright in question since then – have not violated Mr. Sulton's exclusive rights under the Copyright Act and therefore have not infringed his copyright.

Facts

The following facts are undisputed.

The Sulton Recording Agreement

On September 29, 1980, Sulton and EMI America Records, Inc. ("EMI") entered into a recording agreement for Sulton's exclusive personal services as a performer on phonograph records (the "Agreement").[2] Paragraph 6(a) of the Agreement provided that EMI has:

> "the complete, unconditional, exclusive, perpetual, unencumbered and universe-wide" rights in "all results and proceeds of [Sulton]'s services and performances hereunder, including the exclusive ownership of any and all masters and all records and reproductions made therefrom together with all universal copyrights and copyright rights[.]"[3]

Capitol subsequently succeeded to EMI's rights and obligations under the Agreement, including

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[2] Cronin Decl. (Dkt 172) ¶ 3 & Ex. 2; Pl. 56.1 St. (Dkt 204) ¶¶ 1-2.

[3] Cronin Decl. (Dkt 172) ¶ 3 & Ex. 2 ¶ 6(a); Pl. 56.1 St. (Dkt 204) ¶¶ 3.

ownership of the copyright to *Kasim*, an album published thereunder.[4]

The EMI-Demon License

On December 1, 2011, EMI Records Ltd. and Demon Music Group Limited ("Demon") entered into an agreement pursuant to which Demon licensed the album *Kasim* for a three-year term from February 25, 2013 to February 24, 2016 (the "License"). The License applied to compact disc, or "CD," releases only (*i.e.*, no streaming or other digital rights) and the territory of the License was limited to the United Kingdom and Ireland. Pursuant to the License, Demon released a compact disc re-issue of *Kasim* through its label Edsel Records in the United Kingdom in 2013.[5]

Sulton's Putative Notice of Termination

On or about July 20, 2016, Sulton, through his representative and counsel Evan Cohen, transmitted a putative "Notice of Termination Under 17 U.S.C. § 203 and 37 C.F.R. § 201.10" to "Universal Music Group" (the "Notice").[6] In the Notice, Sulton purported to terminate "[a]ll grants or transfers of copyright and all rights of the copyright proprietor" in the album *Kasim*, "including, without limitation the grant dated in or about 1981 between the recording artist Kasim

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4 Pl. 56.1 St. (Dkt 204) ¶¶ 2, 4.

5 Pl. 56.1 St. (Dkt 204) ¶¶ 5-7.

6 *Id.* ¶ 8.

[Sulton] and EMI America Records, a division of Capitol Records, Inc."[7] The Notice also listed an "Effective Date of Termination" of July 21, 2018 for *Kasim*.[8]

Sulton's Claims and Defendants' Motion

On June 5, 2019, Sulton joined this action as a plaintiff asserting claims against Defendants for copyright infringement.[9] Sulton seeks to be appointed a class representative of a putative class of artists seeking compensatory damages for alleged copyright infringement against Capitol, defined as follows: "All recording artists (and statutory heirs and personal representatives of those recording artists, if applicable) who have served Defendants with Notices of Termination pursuant to § 203 of the Copyright Act describing an effective date of termination for a particular work (i) occurring on or after January 1, 2013 and (ii) occurring no later than the date the Court grants class certification of Class A."[10]

Sulton contends that Defendants allegedly continued to exploit *Kasim* and generate revenue from such exploitation after July 21, 2018, the album's putative termination date.[11] Defendants, however, have submitted a declaration asserting that they have "no record of having exploited *Kasim* in the United States on or after July 21, 2018, and likewise have no record of any

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7 *Id.* ¶ 9.

8 *Id.* ¶ 10.

9 *Id.* ¶ 11.

10 *Id.* ¶ 12.

11 *Id.* ¶ 14.

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