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UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA

MELISSA FERRICK, individually and doing business as Nine Two One Music and Right On Records/Publishing, and on behalf of all others similarly situated,

Plaintiff,

V.

SPOTIFY USA INC., a Delaware corporation, and DOES 1 through 10,

Defendants.

Case No.

CLASS ACTION COMPLAINT FOR COPYRIGHT INFRINGEMENT

DEMAND FOR TRIAL BY JURY

Plaintiff Melissa Ferrick individually and doing business as Nine Two One Music and Right On Records/Publishing ("Plaintiff" or "Ferrick"), on behalf of herself and all other similarly situated owners of federal copyrights in nondramatic musical works ("musical compositions") that were reproduced and distributed without a license by Defendant Spotify USA Inc. ("Spotify" or "Defendant") and DOES 1-10 (collectively "Defendants") during the last three years, alleges as follows.

NATURE OF THE ACTION

- 1. Under the Copyright Act, there are two separate copyrights in every recorded song: one in the sound recording ("phonorecord") itself, 17 U.S.C. §102(7), and one in the musical composition embodied in that phonorecord, 17 U.S.C. §102(2). This case is brought to vindicate the rights of the owners of the copyrights in the musical compositions embodied in phonorecords that Spotify has reproduced and distributed without a license as part of its extraordinarily popular interactive online subscription music streaming service (the "Service").
- 2. Spotify launched the Service in the United States on or about July 14, 2011. Since that time, the Service has grown to over 70 million subscribers, raised close to \$1 billion in private equity, and obtained a valuation in excess of \$8 billion. To achieve that success, Spotify promised its subscribers that it would provide them with "[a]ll the music you'll ever need...for every moment." But Spotify knew that in order to fulfill its promise, it would either have to delay the launch of the Service (and its process for immediately ingesting and offering new music) until such time as it had obtained all necessary licenses, or it would have to employ a now familiar strategy for many digital music services infringe now, apologize later.
- 3. Spotify chose expediency over licenses. Thus, while Spotify has profited handsomely from the music that its sells to its subscribers, the owners of that music (in particular, songwriters and their music publishers) have not been able to share in that success because Spotify is using their music for free.

- 5. While a license under 17 U.S.C. §115 is compulsory, it is not automatic. To obtain such a license, it was Spotify's obligation to send a notice to each copyright owner "before or within thirty days after making, and before distributing any phonorecords of the work" of its "intention" use the work. 17 U.S.C. §115(b)(1). This notice of intent (or, as it is commonly referred to, an "NOI") is not merely a ministerial formality; it is a critical first step in the compulsory licensing process that alerts the copyright owner to the use of its musical composition and, in turn, the right to be compensated for that use. Because of its significance, the failure to timely serve or file an NOI "forecloses the possibility of a compulsory license and, in the absence of a negotiated license, renders the making and distribution of phonorecords actionable as acts of infringement." 17 U.S.C. §115(b)(2). Even after sending an NOI, Spotify was then required to timely account to the copyright owner and pay royalties accordingly. 17 U.S.C. §115(c).
- 6. For the musical compositions that are at issue in this litigation, Spotify did not negotiate direct licenses and did not avail itself of the compulsory licensing procedures in the Copyright Act. Instead, Spotify chose a third path: it outsourced its licensing and accounting obligations to the Harry Fox Agency ("HFA"), a music publishing rights organization that was ill-equipped to obtain licenses for all of the songs embodied in the phonorecords distributed by Spotify. As a result, neither

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Spotify nor HFA directly licensed or timely issued NOIs for many of the musical compositions embodied in phonorecords that Spotify was reproducing and distributing on a daily basis as part of the Service.

The known failure by Spotify to obtain licenses for all of the musical 7. compositions that it is exploiting caused it to recently announce that it "will invest in the resources and technical expertise to build a comprehensive publishing administration system to solve this problem." See Ed Christman, "Spotify Announces Database To Properly Manage Royalties," *Billboard* (Dec. 23, 2015), available at http://www.billboard.com/articles/business/6820925/spotify-publishingdatabase-royalties. That is an investment and process that Spotify should have undertaken *before* it decided to reproduce and distribute phonorecords embodying unlicensed musical compositions to the Service's millions of users, not over four years after Spotify launched the Service in the United States. At this point, Spotify's failure to properly obtain licenses is much more than what it euphemistically describes as an "administration system" problem; it is systemic and willful copyright infringement for which actual and statutory damages are the remedy. Therefore, Plaintiff brings this class action for copyright infringement on behalf of herself and all similarly situated owners of musical compositions that were reproduced and distributed by Defendants without a license during the last three years.

THE PARTIES

8. Plaintiff Melissa Ferrick, a resident of Newburyport, Massachusetts, is a nationally recognized singer-songwriter who has released seventeen albums over the past two decades, with a catalog of over one hundred and fifty copyrighted musical compositions. Ferrick is an eight-time Boston Music Award winner and is regarded as one of the most prolific songwriters of her generation. She tours regularly throughout North America and has shared the stage with Morrissey, Marc Cohn, Paul Westerberg, Dwight Yoakam, John Hiatt, Weezer, Tegan and Sara, Bob

Dylan, Ani DiFranco, k.d. Lang, Suzanne Vega, Joan Armatrading, and many

- 9. Spotify is a Delaware corporation with its principal place of business in New York, New York. Spotify owns and operates the Service an online interactive music streaming service, which can be principally accessed at www.spotify.com. The Service consists of both an advertisement-supported service that is free to subscribers and a premium service that costs \$9.99 per month and is advertisement-free. Spotify is qualified to do business in State of California, and is doing business in California with offices in Los Angeles and San Francisco. Spotify operates the Service in California, has millions of subscribers and end users in California, has entered into contracts and other transactions in California (including with record labels, publishers and developers), and generates millions of dollars in revenue from California residents.
- 10. The true names and capacities (whether individual, corporate, associate or otherwise) of the defendants named herein as Does 1 through 10, inclusive, are unknown to Plaintiff, who therefore sues said defendants by such fictitious names. Plaintiff will amend this Complaint to allege their true names and capacities when

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such have been ascertained. Upon information and belief, each of the Doe defendants herein is responsible in some manner for the occurrences herein alleged, and Plaintiff's and class members' injuries as herein alleged were proximately caused by such defendants' acts or omissions.

Plaintiff is informed and believes, and on that basis alleges, that at all 11. times mentioned in this Complaint, Spotify and each of the Doe defendants were the agent of each other and, in doing the things alleged in this Complaint, were acting within the course and scope of such agency.

JURISDICTION AND VENUE

- This is a civil action seeking damages and injunctive relief for 12. copyright infringement under the Copyright Act, 17 U.S.C. §101 et seq.
- This Court has original subject matter jurisdiction of this action 13. pursuant to 28 U.S.C. §§1331 and 1338(a).
- 14. This Court has personal jurisdiction over Defendants because, among other things, they do continuous and systematic business in California and in this District and maintain one or more offices and employ personnel in California. Defendants have also committed acts of copyright infringement in California and have performed acts directed at and causing harm in California.
- 15. Venue is proper in this District pursuant to 28 U.S.C. §§1391(b) and (c) and 1400(a) because Spotify is subject to personal jurisdiction in this District and because a substantial part of the events or omissions by Spotify giving rise to the claims occurred in this District.

CLASS ALLEGATIONS

16. Plaintiff brings this action as a class action pursuant to Fed. R. Civ. Proc. 23 on behalf of herself and on behalf of a class of similarly situated copyright owners of musical compositions defined as:

> All persons or entities who own the copyright in a musical composition: (a) for which a certificate of registration has been

issued or applied for; and (b) that was reproduced and distributed through interactive streaming and/or limited downloads by Defendants without a license during the last three years.

- 17. This action has been brought and may be properly maintained as a class action because there is a well-defined community of interest in the litigation and the members of the proposed class are readily and easily ascertainable and identifiable.
- 18. The member of the class are so numerous that joinder of all members is impracticable. Plaintiff is informed and believes, and on that basis alleges, that there are thousands of members in the class who can be readily located, identified from various databases and records (including those maintained by Spotify, the United States Copyright Office, and HFA) and through discovery, and notified of this action.
- 19. Plaintiff's claim for copyright infringement is typical of the claims of the members of the class, and Plaintiff's interests are consistent with and not antagonistic to those of the other members of the class she seeks to represent. Plaintiff and all members of the class have sustained damages and face irreparable harm arising out of Defendants' continued infringement as alleged herein and, thus, are entitled to recover actual damages and/or statutory damages and obtain injunctive relief to prevent further wrongful conduct by Defendants.
- 20. Plaintiff has no interests that are adverse to, or which conflict with, the interests of the absent members of the class and she is able to fairly and adequately represent and protect the interests of such a class. Plaintiff believes strongly in the protection of the copyrights of songwriters and music publishers. Plaintiff has raised a viable claim for copyright infringement of the type reasonably expected to be raised by members of the class, and will diligently and vigorously pursue that claim. If necessary, Plaintiff may seek leave of the Court to amend this Complaint to include additional class representatives to represent the class or additional claims

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as may be appropriate. Plaintiff is represented by experienced, qualified, and competent counsel who is committed to prosecuting this action.

- Common questions of fact and law exist as to all members of the class 21. that plainly predominate over any questions affecting only individual members of the class. These common legal and factual questions, which do not vary from class member to class member, and which may be determined without reference to the individual circumstances of any class member, include (without limitation) the following:
 - Whether Defendants' reproduced and distributed musical (A) compositions through interactive streaming and/or limited downloads without a license during the last three years;
 - Whether Defendants' reproduction and distribution of musical compositions through interactive streaming and/or limited downloads without a license constitutes direct infringement in violation of the Copyright Act, 17 U.S.C. §101 et seq.;
 - Whether Defendants' acted willfully with respect to the acts complained of herein;
 - The basis and method for determining and computing damages, including statutory damages; and
 - Whether Defendants' infringing conduct is continuing, thereby entitling the members of the class to injunctive or other relief.
- 22. A class action is superior to other available methods for the fair and efficient adjudication of this controversy because individual litigation of the claims of all class members is impracticable. The claims of the individual members of the class may range from smaller sums to larger sums. Thus, for those class members with smaller claims, the expense and burden of individual litigation may not justify pursuing the claims individually. And even if every member of the class could afford to pursue individual litigation, the court system could not be so encumbered.

It would be unduly burdensome to those courts in which individual litigation of numerous cases would otherwise proceed. Individualized litigation would also present the potential for varying, inconsistent, or contradictory judgments and would magnify the delay and expense to all parties and to the court system resulting from multiple trials of the same factual issues. By contrast, the maintenance of this action as a class action presents few management difficulties, conserves the resources of the parties and court system, and protects the rights of each member of the class. Plaintiff anticipates no difficulty in the management of this action as a class action.

CLAIM FOR RELIEF

(Copyright Infringement – Against All Defendants)

- 23. Plaintiff hereby incorporates the allegations set forth above in paragraphs 1 through 20 above, as though fully set forth herein.
- 24. Under §106 of the Copyright Act, the copyright owner of a musical composition has the exclusive rights to reproduce and distribute the compositions in phonorecords. 17 U.S.C. §106(1) and (3). This includes the exclusive rights to make or authorize DPDs, interactive streams, and limited downloads of the musical compositions through subscription or non-subscription online digital music services. *See* 17 U.S.C. §115(d), 37 C.F.R. §§385.10, 385.11.
- 25. Spotify's online interactive music streaming service, www.spotify.com, is offered to end users in the United States on an advertising-free paid subscription basis or an advertiser-supported no-subscription basis. Spotify distributes phonorecords embodying musical compositions to its end users through interactive streaming and limited downloads available on their computers and mobile devices. Plaintiff is further informed and believes, and on that basis alleges, that Spotify also makes server copies in the United States of phonorecords embodying the musical compositions at issue in this litigation.
- 26. In order to lawfully make and distribute phonorecords embodying the musical compositions as set forth above, Spotify must have first obtained not only a

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license for each individual phonorecord from its owner(s), but also a separate license for the underlying musical composition that is embodied in each separate phonorecord from the copyright owner of such composition. Spotify can either license musical compositions directly or by obtaining a compulsory license in accordance with the terms of 17 U.S.C. §115 by serving a timely NOI. Failure to serve or file the requisite NOI "within thirty days after making, and before distributing any phonorecords of the work...forecloses the possibility of a compulsory license and, in the absence of a voluntary license, renders the making and distribution of phonorecords actionable as acts of copyright infringement." 17 U.S.C. §115(b)(1) and (2).

- Spotify did not have and does not have a comprehensive system of 27. music publishing administration in place necessary to license all of the songs embodied in phonorecords which it ingests and distributes by means of interactive streaming and temporary downloads. Rather than decline to distribute phonorecords embodying musical compositions that are unlicensed, however, Spotify elected instead to engage in wholesale copyright infringement.
- Plaintiff is the registered copyright owner of all of the musical 28. compositions listed on Exhibit A attached hereto and incorporated herein by this reference ("Plaintiff's musical compositions"). Plaintiff's musical compositions have been distributed through interactive streaming and temporary downloads by Spotify approximately one million times within the last three years. Plaintiff is further informed and believes, and on that basis alleges, that server copies thereof have also been made by Spotify within the last three years. Plaintiff's musical compositions have not been licensed by Spotify either directly or by a compulsory license in accordance with 17 U.S.C. §115.
- Plaintiff is further informed and believes, and on that basis alleges, that 29. the musical compositions owned by the members of the class have been distributed by Spotify through interactive streaming and temporary downloads and that Spotify

has also made server copies thereof during the last three years, all without either a direct or compulsory license.

- 30. Spotify's unlawful reproduction and distribution of the musical compositions owned by Plaintiff and the members of the class as alleged hereinabove constitutes copyright infringement under the Copyright Act. 17 U.S.C. §101 *et seq*.
- 31. Spotify's acts of infringement have been willful, intentional, and purposeful, in disregard of and indifference to the rights of Plaintiff and the members of the class.
- 32. As a direct and proximate result of Defendants' infringements of Plaintiff's copyrights and the copyrights of the members of the class, pursuant to 17 U.S.C. §504(c), Plaintiff and the class members are entitled to recover up to \$150,000 in statutory damages for each musical composition infringed. Alternatively, at their election, pursuant to 17 U.S.C. §504(b), Plaintiff and the class members are entitled to their actual damages, including Spotify's profits from infringement, as will be proven at trial.
- 33. Plaintiff and the class members are also entitled to recover attorney's fees and costs pursuant to 17 U.S.C. §505, and prejudgment interest according to law.
- 34. Spotify is causing, and unless enjoined by the Court will continue to cause, Plaintiff and the class members irreparable harm for which they have no adequate remedy at law. Plaintiff and the class members are entitled to an injunction under 17 U.S.C. §502 prohibiting the continued infringement of their musical compositions.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of herself and on behalf of all other members of the class, prays for Judgment against Spotify and the Doe Defendants, and each of them, as follows:

- A. Determining that this is a proper class action maintainable pursuant to Rule 23 of the Federal Rules Civil Procedure, certifying Plaintiff as class representative and Plaintiff's counsel as class counsel;
- B. For compensatory and/or statutory damages in an amount in excess of \$200 million, according to proof;
- C. A temporary, preliminary, and permanent injunction enjoining and restraining Defendants, and their respective agents, servants, directors, officers, principals, employees, representatives, subsidiaries and affiliated companies, successors, assigns, and those acting in concert with them or at their direction, and each of them, from continued unlicensed reproduction and distribution of the copyrighted musical compositions owned by Plaintiff and the members of the class;
 - D. For pre- and post-judgment interest.
- E. For such fees and costs (including reasonable attorney's fees) incurred herein as permitted by law.
 - F. For such other and further relief as the Court deems just and proper.

DATED: January 8, 2016 GRADSTEIN & MARZANO, P.C. Henry Gradstein

Maryann R. Marzano Harvey W. Geller

Daniel Lifschitz

By: /s/ Henry Gradstein Henry Gradstein

Attorneys for Plaintiff

DEMAND FOR JURY TRIAL

Plaintiff demands a trial by jury of the claim alleged in this Complaint.

DATED: January 8, 2016 GRADSTEIN & MARZANO, P.C.

Henry Gradstein Maryann R. Marzano Harvey W. Geller Daniel Lifschitz

By: /s/ Henry Gradstein

Henry Gradstein
Attorneys for Plaintiff

EXHIBIT A

Melissa Ferrick - Copyright Registrations

COMPOSITION REGISTRATION NO. Aida PA0000846013 All For Me PA0001213408 Alone PA0000846013 Anchor Up SR1-2923879852 (PENDING) Anything Anywhere PAu002857415 Asking For Love PA0000846013 Back In Love PA0001213408 Bad Bad Girl PAu002857415 Beijing PAu002857415 Blind Side PA0000996607 Blue Sky Night PA0000848484 Break Up Song PA0001213409 **Breaking Vows** PA0000848484 Burn This Guitar PA0001213408 SR1-2923879852 (PENDING) Careful Checking In PAu003560073 Closer PA0001669452 Come On Life PA0001669452 Crack The Mirror PA0001213409 Cracker Jack Kid PA0000846170 PAu002339071 Do It Over Don't Say Goodbye PAu002323653 Drive PA0000996607 E-Mail PA0001213409 Easy PA0001669452 Elephant SR1-2923879852 (PENDING) **Every Three Words** PAu002857415 Everything I Need PAu002323653 Everything You Get PA0001669452 Everything You Were PA0001861438 **Faking** PA0000846170 Falling On Fists PA0000846170 Favorite Person In The World PA0000849237 Fear And Time PAu002323653 **Fearless** PAu002857415 Fighting Chance

PA0001213408

For Once In My Life	PA0000848484
For Once In My Life Freedom	
	PA0000996607 PA0000846013
Frog Named Freddy Go Easy On Me	PA0001861438
Gotta Go Now	PA0001801438 PA0000846170
	PA0000848170 PA0000848484
Happy Song	PAu003560073
Headphones On Hello Dad	PA000848484
	PA0000848484 PA0000849237
Heredity Hold On	PA0000849237
Home	PA0001990008 PA0001861438
	PA0001801438 PA0000848484
Honest Eyes I Am Done	PA0000846470
I Am Not	PA0000846170 PA0000846170
	PA0001861437
I Don't Want You To Change I Give Up	PAu002857415
1	PAu002837413 PAu002323653
I Like it That Way I Still Love You	PA0001213409
I Will Arrive	PA0001213409 PAu002339071
	PAu002559071 PAu003560073
I Will Back You Up In A World Like This	PA0003300073
In A world Like This Inside	PA0001669452
	PAu001009432 PAu002323653
It's Alright	
It's Been A Long Time Let Me Go	PA0001669452
	PA0000849237 PA0001213408
Let's Fly	
Little Love Love Ain't Afraid	PA0000996607 PA0001861438
	PA0001801438 PA0000848484
Love Song Marie in the Middle	
	PA0001213408
Massive Blur	PA0000848484
Mercy	PA0001213409
Nebraska	PAu002857415
Never Give Up	PA0001669452
North Carolina	PA000996607
One Night Stand	PA0001213409
One Of A Kind	PAu003560073
One Year	PA0001669452
Overboard	PA0001861438
Particular Place To Be	PAu002323653

Pity Song	PA0001861438
Relief	SR1-2923879852 (PENDING)
Rest Now	PA0001669452
Run Out Of Me	SR1-2923879852 (PENDING)
Say Yes	SR1-2923879852 (PENDING)
Scenic View	SR1-2923879852 (PENDING)
Seconds Like These	PAu003560073
Selfish Side	PA0001213408
Shatter Me	PA0001213408
Sideways	SR1-2923879852 (PENDING)
Singing With The Wind	PAu003560073
Sky Above	PA0001213409
Some Kinda Nerve	PA000996607
Somebody Help Me	PA0000846013
Somehow We Get There	PA0000846170
Stand Still	PAu002339071
Stars Outnumber Our Hearts	SR1-2923879852 (PENDING)
Still Right Here	PAu003560073
Streetlight	PAu002857415
Stuck	PA0001669452
Take In All The Plants	PA0001861438
Take Me All	PA0000848484
Taken A Liking	PA0000846013
Ten Friends	PA0000848484
The Meaning Of Love	PA0000848484
The Other Side	PAu002857415
The Stranger	PA0000996607
The Truth Is	PA0001861438
Then So It Is	PA0000996608
Thinking	PA0001213408
This Is Love	PA0000996607
This Time Of Year	PAu003560073
Til You're Dead	PA0000846170
Time Flies	PA0000846170
Time To Leave	PA0001861438
To Feel Real	PA0001213409
To Let You See Me	PA0000846013
Trouble In My Head	PA0000846170
Trust It All	SR1-2923879852 (PENDING)
Weightless And Slow	PAu003560073

Welcome To My Life	PA0001213409
Westbound	PAu002857415
What Have I Got To Lose	PA0000848484
When You Left	PA0000846170
Who Knows Why	PA0001213409
Will You Be The One	PA0001213409
Willing To Wait	PA0000846170
Win 'Em Over	PA0000996608
Wonder Why	PA0000848484
Wreck Me	PA0001861438
You	PA0001213408
You Let Me Be	PAu003560073
You've Known It All Along	PA0000849237