

No. 22-121

IN THE
Supreme Court of the United States

ML GENIUS HOLDINGS LLC,
Petitioner,
v.
GOOGLE LLC, LYRICFIND,
Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

SUPPLEMENTAL BRIEF FOR PETITIONER

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INTRODUCTION

The Government acknowledges the “disagreement” and “divi[sion]” among the circuits on the Copyright Act’s preemption of breach-of-contract claims. Br. 13, 17-18. It also concedes that contract claims should “ordinarily” escape preemption, and that the reasoning of the decision below “would sweep too broadly” and improperly preempt many claims that should not be preempted. *Id.* at 11. And nowhere does the Government dispute the increasing importance of the question presented in the modern economy. Pet. 23-27.

Instead, the Government principally argues (at 7) that review is unwarranted because Genius’s breach-of-contract claims are “atypical.” This is so, the Government says, because the contract at issue is an internet “browsewrap” agreement, and therefore not based on an “express promise” by Google. *Id.* at 4, 7. According to the Government, that means the “contract claims in this case ... are similar to a ‘right against the world’” because “any person who visits [Genius’s] website *automatically* becomes a contractual counterparty.” *Id.* at 14.

That is just bad Contracts. A browsewrap contract is simply a contract “implied in fact,” the sort this Court recognized 100 years ago. *Balt. & Ohio R. Co. v. United States*, 261 U.S. 592, 597 (1923). Implied contracts “involve no difference in legal effect, but merely in the mode of manifesting assent.” 1 Williston on Contracts § 1.5 (4th ed.). And far from binding unwitting parties “automatically,” an implied contract never arises unless the party knowingly manifests the

intent to be bound. If such manifestation is present, there is a bilateral contract like any other; if not, not.

Here assent is plainly present—the Government just ignores it. Genius has not sued some random, hapless website visitor. Genius has sued Google, a highly sophisticated commercial actor, for copying lyrics with *actual knowledge of Genius’s terms of service prohibiting that conduct*. How did Google have that knowledge? Genius expressly told Google to stop violating its terms of service. Yet Google kept accepting those terms by accessing Genius’s site and then promptly violating the terms anyway. The only thing “atypical” here is Google’s brazen conduct.

Most of the Government’s other concerns rest on the same faulty premise. It does not matter that some of the cases in the admitted circuit split do not concern the precise type of contract at issue here. *See* Br. 17-18. A contract is a contract. Neither the decision below nor any case from other circuits suggests that the *species* of contract matters to the copyright-preemption analysis. What matters is that this case would have come out differently under the *reasoning* of five other circuits.

Nor is there a jurisdictional obstacle here. *See* Br. 20-22. The Government raises questions about Google’s removal to federal court on complete-preemption grounds—a settled basis for removal in the Second Circuit and every other with a published decision on the topic. It would be unfair to deprive Genius of this Court’s review based on Google’s decision to remove the case. And it is hardly a strike against certiorari that by granting Genius’s petition, the

Court can potentially provide clarity on *two* important issues, rather than just one. If the Court has genuine questions about jurisdiction, it should grant certiorari and resolve them before reaching the merits.

I. The Type Of Contract Does Not Weigh Against Review.

The Government (at 11) seems to agree that bilateral contract rights are not subject to the Copyright Act's preemptive scope. It just says that Genius's contract rights against Google are "atypical." Br. 7, 13, 17. To be clear, this is not an empirical point about the prevalence or importance of implied-in-fact agreements—the Government does not dispute that countless businesses rely on browsewrap agreements. Pet. 23-27. The Government is suggesting that Genius's claims are qualitatively abnormal. But the Government is wrong about Genius's claims, wrong about browsewrap agreements, and wrong that any of this weighs against review.

A. While purporting to hinge its recommendation on the "specific facts [Genius] pleaded," Br. 12, the Government elides key allegations regarding the contract rights asserted here. Google did not stumble unwittingly into a breach-of-contract action: Genius first presented evidence of Google's misappropriated lyric transcriptions to Google, explained that such conduct violated Genius's terms of service, and asked Google to cease and desist. Pet. 10. Yet Google continued to lift Genius's lyric transcriptions—even *concealing* its ongoing theft. Pet. 10-11.

This case therefore has nothing to do with whether Genius could enforce its terms of service against “any person who visits its website ... whether or not the visitor is aware of the browsewrap agreement.” Br. 14. Genius has never asserted such broad rights. Nor could a plaintiff ever establish a valid contract on those facts, because the visitor’s ignorance would defeat knowing assent. Genius is suing “Google—the most powerful force on the internet—for knowingly breaching a commercial-use restriction designed to prevent companies like Google from stealing Genius’s entire business.” Reply 12.

Given its failure to acknowledge the actual basis for Genius’s claims, the Government’s drive-by suggestion (at 20) that “[i]t is not clear whether petitioner could ultimately prove the existence of a valid contract” is empty. Genius has alleged Google’s “actual knowledge of the agreement,” which is plainly sufficient even under the case the Government cites. *Id.* (citing *Nguyen v. Barnes & Noble Inc.*, 763 F.3d 1171, 1177 (9th Cir. 2014)). And numerous courts have enforced browsewrap agreements, particularly in cases like this one where the contractual counterparty is a sophisticated competitor aware of the agreement’s terms. *See, e.g., Ticketmaster Corp. v. Tickets.Com, Inc.*, No. 99-cv-7654, 2003 WL 21406289, at *2 (C.D. Cal. Mar. 7, 2003); *Sw. Airlines Co. v. BoardFirst, L.L.C.*, No. 3:06-CV-0891-B, 2007 WL 4823761, at *4-7 (N.D. Tex. Sept. 12, 2007); *see also Register.com, Inc. v. Verio, Inc.*, 356 F.3d 393, 403-04 (2d Cir. 2004).

B. The Government’s “atypical” critique also loses sight of the relevant preemption inquiry. As the Government itself acknowledges, the preemption analysis

“turns on a comparison between the state-law *rights* that the plaintiff asserts and the exclusive *rights*” afforded by the Copyright Act. Br. 8 (emphasis added). A contract need not be “typical” or “paradigmatic” to supply the sort of bilateral rights that foreclose copyright preemption; it just needs to be a contract. *Contra id.* at 12-13. And nothing the Government finds “atypical” about Genius’s terms of service has anything to do with whether its rights under that contract are “equivalent to ... exclusive rights” provided by § 106.

The Government takes issue with the fact that Genius’s terms of service purport to bind website visitors in the absence of an “explicit agree[ment],” “explicit promise[],” or “express manifestation of consent.” Br. 12, 14; *see id.* at 17-18. But while a plaintiff asserting a contract claim must prove knowledge of the contractual terms, it need not prove “explicit” or “express” consent to be bound. “Contracts are often spoken of as express or implied,” with “no difference in legal effect.” *Supra*, Williston § 1.5; *see also Hercules, Inc. v. United States*, 516 U.S. 417, 424 (1996).

The key requirement is assent. And it is “standard contract doctrine that when a benefit is offered subject to stated conditions, and the offeree makes a decision to take the benefit with knowledge of the terms of the offer, the taking constitutes an acceptance of the terms.” *Register.com*, 356 F.3d at 403. Accordingly, there is simply “no difference for preemption purposes” under § 301(a) “between an express contract and an implied-in-fact contract.” *Forest Park Pictures v. Universal Television Network, Inc.*, 683 F.3d 424, 432 (2d Cir. 2012); *see Montz v. Pilgrim*

Films & Television, Inc., 649 F.3d 975, 980 (9th Cir. 2011) (en banc) (holding that implied-in-fact contract was not preempted by § 301(a)).

C. The Government’s final attempt to paint Genius’s claims as atypical rests on what it calls the “idiosyncratic character of the material” at issue—transcriptions of copyrighted song lyrics that are themselves “not entitled to copyright protection.” Br. 15-16. The Government suggests that these transcriptions “*also* appear to qualify as *separate* ‘works of authorship’” under § 301(a), which somehow means that a prohibition on “copying [Genius’s] transcriptions *from its website* does not seem different in substance from a right to prevent petitioner’s transcriptions from being copied *at all*.” *Id.* at 15. The Government cannot explain the purported significance of these musings. And it acknowledges that the Second Circuit “did not focus” on them—in other words, they were irrelevant to its decision. *Id.* at 15-16. So the Government punts: Perhaps this all “complicates the preemption analysis.” *Id.* at 16.

It does not, for a very simple reason: The “character of the material” goes only to the “subject matter” of Genius’s claims, the other prong of the “two-pronged” preemption analysis. Opp. 11; *see* Pet. 6. As both parties agree, that component is not at issue. The Second Circuit found that Genius’s claims implicate the subject matter of copyright, so the question presented involves only whether the *rights* Genius asserts in that subject matter are “equivalent” to those enumerated in § 106. Pet. 6; Opp. 12. Breach-of-contract preemption cases commonly concern uncopyrightable works, and it has not previously

complicated the analysis. *See, e.g., ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1453 (7th Cir. 1996) (contract claim for uncopyrightable material not preempted); *Lipscher v. LRP Publ'ns, Inc.*, 266 F.3d 1305, 1309, 1319 (11th Cir. 2001) (same); *Utopia Providers Sys., Inc. v. Pro-Med Clinical Sys., L.L.C.*, 596 F.3d 1313 (11th Cir. 2010) (same).

Ultimately, it is the Government's view that is idiosyncratic. It hypothesizes as a "typical contracting scenario" a "video-rental store [that] might require its customers to sign contracts" that forbid copying of the copyright-protected videos. Br. 9, 12. Put aside the dubious notion that this hypothetical presents the "paradigmatic bargained-for exchange" the Government purports to prize. Br. 12. Even back when Blockbusters still dotted the earth, courts and scholars recognized implied-in-fact contracts just like the one at issue here, and appreciated their importance in the modern world. A seminal case on the topic: *ProCD*, which held that a "shrinkwrap" agreement with no express assent conferred bilateral rights that were not preempted by § 301(a), 86 F.3d at 1450-53—diametrically opposite to the holding here. So, if anything, Genius's contract claims mirror the leading copyright-preemption case. *Infra* 9-10.

II. This Case Implicates An Acknowledged Split.

The Government readily agrees that "the courts of appeals are divided" as to whether "contract rights are ... equivalent to Section 106 rights" that run

“against the world.” Br. 17-18; *id.* at 13 & n.3. In other words, as the petition explained, there is an intractable and acknowledged split of authority over whether § 301(a) preempts claims for breach of a contractual restriction on the copying and use of content. Pet. 15-23. The Government goes further to admit a division “on whether a commercial-use element of a state-law claim is relevant to preemption analysis.” Br. 16.

The Government’s response to the acknowledged split is to argue (again) that it is not “meaningfully implicated here” because Genius’s contract right “to prevent commercial copying ... by all persons” who visit its website is “atypical.” *Id.* at 13-14. The Government seems to suggest that the disagreement among the circuits involves only cases where two parties expressly and affirmatively agreed with the contractual terms in a “paradigmatic bargained-for exchange.” *Id.* at 12.

That is incorrect. Multiple cases in the split involved shrinkwrap agreements or standardized form agreements that also differ from the “paradigmatic” bilateral negotiation. *See, e.g., Lipscher*, 266 F.3d at 1309, 1319 (no preemption of contract claim based on standard “form subscription agreements”); *Bowers v. Baystate Techs., Inc.*, 320 F.3d 1317, 1325 (Fed. Cir. 2003) (no preemption of contract claims based on software shrinkwrap agreement); *ProCD*, 86 F.3d at 1454-55 (same).

The Government also relies on the purportedly “atypical” nature of Genius’s contract claims in asserting that this case would have come out the same way in the circuits on the other side of the split. But

the Government tries to show this for only one case, the Seventh Circuit's decision in *ProCD*. Br. 18-20. The Government does not explain how Genius's claims would plausibly be preempted in the Eleventh Circuit, which has broadly held that "claims involving two-party contracts are not preempted because contracts do not create exclusive rights, but rather affect only their parties." *Lipscher*, 266 F.3d at 1318. The same is true for the other circuits that Genius explained would have found no preemption. Pet. 15-19, 36.

Even as to *ProCD*, the Government's showing falls short. Its claimed "differences between the contract at issue in *ProCD* and the browsewrap agreement here" are tied to its mistaken impression that Genius asserts contractual rights "against the world." Br. 18-20. For instance, the Government's argument (at 20) that Genius's browsewrap agreement would ensnare an innocent "individual [who] happened upon [the website] without receiving notice of the accompanying license" simply cannot be reconciled with Genius's actual claims, nor with the black-letter principle that contract claims cannot arise without assent (much less without notice). *Supra* 3-4. The same goes for the Government's contention (at 19) that *ProCD* can be distinguished because the contract there was "apparent," whereas (in the Government's view) "here it is uncertain whether a contract exists." Genius's browsewrap license is simply a modern electronic version of the shrinkwrap license in *ProCD*.

III. Subject-Matter Jurisdiction Poses No Obstacle To Review.

The Government says this case is a poor vehicle for resolving the acknowledged circuit split because subject-matter jurisdiction “depend[s] on whether Section 301(a) is a complete-preemption statute.” Br. 17. But as the Government concedes (at 21), every circuit that has decided the question in a published opinion—including the Second Circuit—has held that § 301(a) completely preempts state-law claims within its scope and thus creates federal jurisdiction for purposes of evaluating copyright preemption. See *Briarpatch Ltd., L.P. v. Phoenix Pictures, Inc.*, 373 F.3d 296, 304-05 (2d Cir. 2004); *GlobeRanger Corp. v. Software AG*, 691 F.3d 702, 705-06 (5th Cir. 2012); *Ritchie v. Williams*, 395 F.3d 283, 285-87 (6th Cir. 2005); *Rosciszewski v. Arete Assocs., Inc.*, 1 F.3d 225, 232 (4th Cir. 1993).

Both Genius and Google agree that this view—which then-Judge Sotomayor adopted in *Briarpatch*—is correct. A federal statute “wholly displaces [a] state-law cause of action through complete pre-emption” when it “provide[s] the exclusive cause of action for the claim asserted and also set[s] forth procedures and remedies governing that cause of action.” *Beneficial Nat’l Bank v. Anderson*, 539 U.S. 1, 8 (2003). Section 301(a), read within the broader context of the Copyright Act, fits that bill. Federal courts have exclusive jurisdiction over copyright claims. 28 U.S.C. § 1338(a). Indeed, “the statutory text[] insist[s] on exclusive, uniform national regulation of copyright.” *Lontz v. Tharp*, 413 F.3d 435, 441 (4th Cir. 2005). The Copyright Act also provides a

comprehensive system of procedures and remedies for such claims. *See* 17 U.S.C. §§ 501-513. Section 301(a), in turn, broadly preempts any state-law claim that comes within the Copyright Act’s scope. In essence, for claims within its scope, § 301(a) disregards the state-law label a plaintiff applies to its claim, recognizing that in substance, the claim sounds in the comprehensive, exclusive federal copyright regime. That statutory scheme closely resembles the part of the National Bank Act that *Beneficial* held completely preempted state-law usury claims. *Cf.* 539 U.S. at 11 (“[T]hese provisions supersede both the substantive and the remedial provisions of state usury laws and create a federal remedy for overcharges that is exclusive.”).

The Government notes that some courts “have expressed doubt” about whether “Section 301(a) effects complete preemption.” Br. 21-22. That description is a stretch for the Third Circuit, which held only that the Copyright Act did not completely preempt a state-law claim for access to public records because the Copyright Act “does not create an exclusive cause of action for access to public records,” and said nothing about whether § 301(a) could completely preempt other claims. *Bd. of Chosen Freeholders v. Tombs*, 215 F. App’x 80, 82 (3d Cir. 2006). And the Government admits (at 22) that the Seventh Circuit’s statement is dicta—from a case where “neither party ha[d] briefed any issues related to copyright.” *Wis. Interscholastic Athletic Ass’n v. Gannett Co.*, 658 F.3d 614, 620 (7th Cir. 2011).

As for the Eleventh Circuit, its unpublished decision in *Poet Theatricals Marine, LLC v. Celebrity*

Cruises, Inc. held that the Copyright Act did not completely preempt the plaintiff's unjust-enrichment claim because the plaintiff "never registered its copyrights," so "any copyright claim it brought would have to be dismissed." No. 21-10410, 2023 WL 3454614, at *5 (11th Cir. May 15, 2023). In other words, *Poet* indicated that § 301(a) could completely preempt only state-law claims that mirror a copyright claim. But this Court, in addressing complete preemption under ERISA, long ago rejected the view that "only strictly duplicative state causes of action are pre-empted." *Aetna Health Inc. v. Davila*, 542 U.S. 200, 216 (2004). Rather, the pertinent question is whether § 301(a) creates an exclusive cause of action under the Copyright Act for claims that fall within its scope—including where no copyright claim can be asserted. It plainly does. *See, e.g., ProCD*, 86 F.3d at 1453 (holding that § 301(a)'s scope extends to claims concerning "all works of a *type* covered by sections 102 and 103, even if federal law does not afford protection to them").

Of course, if the Court has doubts about its own jurisdiction here, it can request supplemental briefing on that question. Br. 22. Resolving the jurisdictional question would help guide the lower courts no matter the answer. If the Court concludes that § 301(a) completely preempts some state-law claims, that will eliminate doubts for the circuits that have not yet reached the issue while also allowing the Court to address the merits of a recognized circuit split. And if the Court concludes that § 301(a) effects only ordinary preemption, that outcome would reverse the four circuits that have held to the contrary.

CONCLUSION

The Court should grant the petition for a writ of certiorari.

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