

No.

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

PETITION FOR A WRIT OF CERTIORARI

Lauren Weber	E. Joshua Rosenkranz
Emily Villano	<i>Counsel of Record</i>
ORRICK, HERRINGTON &	Christopher Cariello
SUTCLIFFE LLP	Jennifer Keighley
1152 15th Street NW	ORRICK, HERRINGTON &
Washington, DC 20005	SUTCLIFFE LLP
	51 West 52nd Street
	New York, NY 10019
	(212) 506-5380
	jrosenkranz@orrick.com

Counsel for Petitioner

QUESTION PRESENTED

Like countless internet businesses, Genius—an online platform for transcribing and annotating song lyrics—insists that visitors agree to its contractual terms as a condition for availing themselves of the benefit of its services. These terms include the promise not to reproduce the contents of Genius's platform. Google contractually bound itself to those terms, but, in blatant breach of that contract, Google stole Genius's labors for its own competing commercial purposes. The Court of Appeals held that the Copyright Act preempts Genius's breach-of-contract claim, under a provision that applies only to claims that are “equivalent to … exclusive rights within the general scope of copyright,” 17 U.S.C. § 301(a). At least five circuits disagree with this ruling and only one other circuit agrees.

The question presented is:

Does the Copyright Act’s preemption clause allow a business to invoke traditional state-law contract remedies to enforce a promise not to copy and use its content?

CORPORATE DISCLOSURE STATEMENT

Petitioner ML Genius Holdings LLC states that it
is a wholly owned subsidiary of MediaLab.AI, Inc.

RELATED PROCEEDINGS

ML Genius Holdings LLC v. Google LLC, No. 20-3113 (2d. Cir. judgment entered March 31, 2022)

Genius Media Group, Inc. v. Google LLC & LyricFind, No. 1:19-cv-07279 (E.D.N.Y. judgment entered August 13, 2020)

Genius Media Group, Inc. v. Google LLC & LyricFind, No. 526241/2019 (N.Y. Sup. Ct.)

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
CORPORATE DISCLOSURE STATEMENT	ii
RELATED PROCEEDINGS	iii
TABLE OF AUTHORITIES	vi
INTRODUCTION	1
OPINIONS AND ORDERS BELOW	4
JURISDICTION	4
STATUTORY PROVISION INVOLVED	5
STATEMENT OF THE CASE	5
 Congress Preempts State-Law Rights That Are “Equivalent” To The Copyright Act’s “Exclusive Rights”	5
Genius Uses Contractual Terms Of Service To Protect Its Business Against Free-Riding	7
Google And LyricFind Breach Their Contracts With Genius By Stealing Its Content And Launching A Competing Service	9
The Court of Appeals Finds Genius’s Breach-of-Contract Claims Preempted	11
REASONS FOR GRANTING THE WRIT	15

I.	The Court Of Appeals' Decision Deepens An Acknowledged Circuit Split On The Copyright Act's Preemption Of Breach-Of-Contract Claims.....	15
II.	The Question Presented Implicates The Viability Of A Wide Range Of Businesses That Are Critical To The Modern Economy.....	23
III.	The Decision Below Is Wrong.	27
IV.	This Case Provides An Ideal Vehicle For Resolving The Question Presented.	35
	CONCLUSION.....	37
APPENDIX A	Opinion of the Second Circuit (Mar. 10, 2022)	1a
APPENDIX B	Memorandum and Order of the Eastern District of New York (Aug. 10, 2020)....	18a
APPENDIX C	Verified Complaint (Dec. 3, 2019).....	66a
APPENDIX D	Genius Terms of Service (Dec. 3, 2019).....	126a

TABLE OF AUTHORITIES

	Page
Cases	
<i>Alpha Media Works, Inc. v. Perception Rsch. Servs., Inc., No. 09 CIV. 9563 GBD, 2012 WL 406914 (S.D.N.Y. Feb. 9, 2012)</i>	26
<i>Am. Airlines, Inc. v. Wolens, 513 U.S. 219 (1995).....</i>	16, 30, 31
<i>Am. Trucking Ass’ns, Inc. v. City of Los Angeles, 569 U.S. 641 (2013).....</i>	29, 30
<i>Aronson v. Quick Point Pencil Co., 440 U.S. 257 (1979).....</i>	16
<i>Benjamin Cap. Invs. v. Cossey, 867 P.2d 1388 (Or. Ct. App. 1994)</i>	22
<i>Bowers v. Baystate Techs., Inc., 320 F.3d 1317 (Fed. Cir. 2003)....</i>	17, 18, 19, 31, 35
<i>Briarpatch Ltd., L.P. v. Phx. Pictures, Inc., 373 F.3d 296 (2d Cir. 2004)</i>	33, 35
<i>Davidson & Assocs. v. Jung, 422 F.3d 630 (8th Cir. 2005).....</i>	19

<i>Epic Sys. Corp. v. Lewis,</i> 138 S. Ct. 1612 (2018).....	31
<i>Feist Publ'ns, Inc. v. Rural Tele. Serv. Co.,</i> 499 U.S. 340 (1991).....	29
<i>Fogerty v. Fantasy, Inc.,</i> 510 U.S. 517 (1994).....	29, 31, 35
<i>Forest Park v. Universal TV Network, Inc.,</i> 683 F.3d 424 (2d Cir. 2012)	13
<i>Georgia v. Public.Resource.Org, Inc.,</i> 140 S. Ct. 1498 (2020).....	29
<i>Goldstein v. California,</i> 412 U.S. 546 (1973).....	5
<i>Green v. Hendrickson Publishers, Inc.,</i> 770 N.E.2d 784 (Ind. 2002).....	21
<i>In re Jackson,</i> 972 F.3d 25 (2d Cir. 2020)	33, 34, 36
<i>Kabehie v. Zoland,</i> 102 Cal. App. 4th 513 (Ct. App. 2002).....	22, 35
<i>Lipscher v. LRP Publ'ns, Inc.,</i> 266 F.3d 1305 (11th Cir. 2001).....	17, 28, 36
<i>Meyers v. Waverly Fabrics,</i> 65 N.Y.2d 75 (Ct. App. 1985).....	19

<i>Nat'l Car Rental Sys. v. Comput. Assocs. Int'l, Inc., 991 F.2d 426 (8th Cir. 1993).....</i>	19
<i>ProCD, Inc. v. Zeidenberg, 86 F.3d 1447 (7th Cir. 1996).....</i>	15, 16, 17, 18, 28, 29, 30, 36
<i>Real Est. Innovations, Inc. v. Hous. Ass'n of Realtors, Inc., 422 F. App'x 344 (5th Cir. 2011)</i>	18
<i>Ritchie v. Williams, 395 F.3d 283 (6th Cir. 2005).....</i>	21, 35
<i>Sony Corp. of Am. v. Universal City Studios, Inc. 464 U.S. 417 (1984).....</i>	28
<i>Taquino v. Teledyne Monarch Rubber, 893 F.2d 1488 (5th Cir. 1990).....</i>	18
<i>TruLogic, Inc. v. Gen. Elec. Co., 177 N.E.3d 615 (Ohio Ct. App. 2021).....</i>	19
<i>United States v. Palomar-Santiago, 141 S. Ct. 1615 (2021).....</i>	36
<i>Utopia Providers Sys., Inc. v. Pro-Med Clinical Sys., LLC, 596 F.3d 1313 (11th Cir. 2010).....</i>	17, 31, 33
<i>Wrench Ltd. Liab. Co. v. Taco Bell Corp., 256 F.3d 446 (6th Cir. 2001).....</i>	14, 20, 26

Statutes

17 U.S.C. § 102	5, 6, 13
17 U.S.C. § 103	5, 6, 13
17 U.S.C. § 106	5, 6, 17, 28
17 U.S.C. § 301	15, 17, 20, 29, 30, 34, 35, 36
17 U.S.C. § 301(a)	2, 4, 6, 12, 13, 21, 28
17 U.S.C. § 501	33
28 U.S.C. § 1254(1)	4

Other Authorities

Activision, <i>Terms of Use</i> (2022), https://tinyurl.com/mvfsjb4n928	24
Copyright Act of 1976, H.R. Rep. 94-1476	6, 30
Craigslist, <i>Terms of Use</i> (2022), https://tinyurl.com/yux2745e	24
McDonald's, <i>Terms and Conditions for McDonald's Online Services (USA)</i> (2017), https://tinyurl.com/2p8vmeaz	24
Entertainment Law 3d: Legal Concepts and Business Practices, § 9:44.50, Nondisclosure Agreements (2021)	25

Google, <i>Google Maps/Google Earth Additional Terms of Service</i> (2022), https://tinyurl.com/2v42arjj	24
Instagram, <i>Terms of Use</i> (2022), https://tinyurl.com/br4pans7	24
Jay Yarrow, <i>Yelp CEO: Google Is A Monopolist That Screws Us Over, And Here's How</i> , Bus. Insider (Sept. 21, 2011), https://tinyurl.com/6zmem8ew	12
Kenneth R.L. Parker, <i>Do Not Forward: Why Passing Along An Email May Constitute Copyright Infringement</i> , Ne. Univ. L. Rev. (2014)	25
Marshall A. Leaffer, Understanding Copyright Law § 11.7[C] (3d ed. 1999).....	35
Microsoft, <i>Terms of Use</i> (2022), https://tinyurl.com/6268eyzj	24
Off. of the N.Y. State Comptroller, <i>The Technology Sector in New York City</i> (Sept. 2017), https://tinyurl.com/2p847w5w/	23
Robert McMillan, <i>Genius Media Sues Google, Alleging Anticompetitive Use of Lyrics</i> , Wall St. J. (Dec. 3, 2019)	12
Target, <i>Terms & Conditions</i> (2022), https://tinyurl.com/5yxcd2rs	24

<i>Top 100: The Most Visited Websites In The US</i> , Semrush Blog (April 2022), https://tinyurl.com/4mdhrkz4	27
Wash. Post, <i>Terms of Service</i> (2014), https://tinyurl.com/yc6343ua	24
1 Williston on Contracts § 1:1 (4th Ed.).....	28
Yelp, <i>Terms of Service</i> (2019), https://tinyurl.com/3a7m7kja	24

INTRODUCTION

All across the internet, websites employ terms of service to impose conditions on visitors' access to their services. The laws of every state protect such terms as binding contractual obligations. That contractual protection is essential for a vast swath of internet businesses. They invest enormous resources in activities, such as aggregating information from various sources, that provide extraordinary benefits to the public. And they offer the fruits of their labors to the public, often for free. For many of them, contract law is the only way to protect their investment from exploitation by others, including exploitation by immensely powerful internet giants like Google. Copyright law, for example, generally provides no protection for works these companies do not author.

But the circuits and state supreme courts are hopelessly split on whether, and to what extent, Congress wiped out such contractual promises with a preemption provision in the Copyright Act. Five circuits (and New York's highest court) have held that such contract provisions generally survive preemption. In the opinion below, the Court of Appeals joined one other circuit (and Indiana's highest court) in concluding that such contract claims are often preempted, based on a highly subjective multifactor test that asks whether the claim is "qualitatively different" enough from a copyright claim. Courts in both camps acknowledge the split.

This case illustrates the stark split and its profound importance. Petitioner ML Genius Holdings LLC (Genius) invested huge resources in building a

wildly popular platform that publishes and annotates song lyrics. Through the power of crowdsourcing, as well as labor-intensive and costly in-house efforts, Genius transcribes the lyrics of thousands of songs that otherwise would not be publicly available. It then delivers these lyrics to the public almost as soon as a song is released, for free. But despite these enormous efforts, Genius holds no copyright on the content. Instead, it negotiates licenses to transcribe and display the lyrics. Thus, the only way it can protect its investment is to condition otherwise-free access on a visitor's promise not to collect Genius's content and use it for competing commercial purposes. Google accepted the contractual commitment, but then blatantly violated it by stealing Genius's work and placing the lyrics on its own competing site, drastically decreasing web traffic to Genius as a result. So Genius filed a breach-of-contract claim that was open and shut under state law.

Yet, the Second Circuit held that Congress preempted Genius's contract rights. The provision in question preempts only state-law claims that are "*equivalent to ... exclusive* rights within the general scope of copyright." 17 U.S.C. § 301(a) (emphasis added). The panel applied settled Second Circuit precedent, which, in turn, followed the Sixth Circuit's approach. Those courts apply an indeterminate multifactor test to determine whether a particular contract claim is "qualitatively different from a copyright infringement claim." Pet. App. 9a. But if this case had arisen in the Fifth, Seventh, Eighth, Eleventh, or Federal Circuits, the state-law claim would have survived.

The minority rule that the Second Circuit applied is wrong. As the courts in the majority recognize, a contract does not grant “exclusive rights,” which are rights granted by law as against the rest of the world. Moreover, contract rights are simply not “equivalent”—in origin, elements, scope, or effect—to the rights that copyright law protects. Nothing in the text or history of the Copyright Act suggests that Congress intended to wipe out sacrosanct contract remedies on which businesses have relied for decades to protect activities that are not the subject of copyright law.

That outcome would be absurd. Take just one example: The tickets to a photo gallery condition a visitor’s entry on promising not to take any pictures of the works that are displayed and distribute them for commercial use. But suppose a visitor takes high-quality photos of every piece in the gallery and then sets up a competing copycat photo gallery. Does the original gallery, which does not own the copyright to the photos but does have a license to display them, have a breach-of-contract claim to stop the visitor from violating the terms of his ticket? The courts subscribing to the minority approach would answer “No.”

That unjust result illustrates how the minority rule threatens to destabilize contractual expectations for a broad range of businesses that provide extraordinary benefits to the public—often for free. In particular, it threatens to hobble any of thousands of companies that offer value by aggregating user-generated information or other content for which they hold a license but not the copyright. It serves no public purpose—and certainly no purpose that furthers the Copyright Act’s aims—to bar these companies

from enforcing their contracts so that behemoths like Google can vacuum up content and increase their internet dominance. Big-tech companies like Google don't need any assists from an overly broad view of copyright preemption; they already control vast swaths of the internet, to the public's detriment. And even beyond the internet, the minority rule risks preempting numerous contractual agreements—such as ubiquitous nondisclosure agreements—on which businesses rely to protect their confidential material.

This Court should grant certiorari to restore clarity in the lower courts on the scope of statutory preemption under the Copyright Act.

OPINIONS AND ORDERS BELOW

The unpublished panel decision (Pet. App. 1a-17a) is reported at 2022 WL 710744. The district court's unpublished decision (Pet. App. 18a-65a) is reported at 2020 WL 5553639.

JURISDICTION

On March 10, 2022, the Court of Appeals affirmed the judgment of the district court. Pet. App. 1a. On May 23, 2022, this Court granted a 60-day extension of time to file a petition for certiorari, until August 7, 2022. This Court has jurisdiction under 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

17 U.S.C. § 301(a) provides:

On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

STATEMENT OF THE CASE

Congress Preempts State-Law Rights That Are “Equivalent” To The Copyright Act’s “Exclusive Rights”

For most of the nation’s history, both the federal and state governments provided forms of copyright protection. *Goldstein v. California*, 412 U.S. 546, 559-60 (1973). But state regulation of copyright was subject to implied preemption under the Supremacy Clause, leaving courts to muddle through the notoriously “complex[] ... determination” of whether a state regulation stood “as an obstacle to the accomplishment and execution of the full purposes and objectives” of the federal copyright scheme. *Id.* at 561.

That changed with the Copyright Act of 1976. Finding it “uncertain, impractical, and highly complicated” to maintain a “dual system,” Congress “adopt[ed] a single system of federal statutory copyright.” H.R. Rep. No. 94-1476, at 129 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5745. To that end, it enacted 17 U.S.C. § 301(a), which expressly preempted state regulation of copyright. This provision endeavored to provide clarity where confusion had reigned and “avoid the development of any vague borderline areas between State and Federal protection.” H.R. Rep. 94-1476, at 130.

Section 301(a) abrogates and preempts “right[s] ... under the common law or statutes of any State[s]” that meet two conditions: (1) the rights are asserted over “works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103”—literary works, musical works, etc.; and (2) the rights “are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106”—the exclusive rights of reproduction, distribution, and so forth.

This case concerns the second condition: what qualifies as a “right[] equivalent to any of the exclusive rights within the general scope of copyright.” Pet. App. 8a-9a. Are state-protected rights that sound in bilateral promises—that is, contracts—the sort of “[c]ommon law copyright protection” Congress aimed to preempt? H.R. Rep. 94-1476, at 129. The report of the House Judiciary Committee indicates not: “Nothing in the bill derogates from the rights of parties to contract with each other and to sue for breaches of

contract.” *Id.* at 132. But the courts are intractably split on the question. Some adopt near-categorical rules against preemption, and others fashion unpredictable ad hoc rules that override most private bargains. *See infra* 15-23.

Genius Uses Contractual Terms Of Service To Protect Its Business Against Free-Riding

Everyone loves singing the lyrics of their favorite songs. That was easy back when you could scour the liner notes accompanying records, cassettes, and CDs. But most music publishers and songwriters stopped publishing their lyrics when they shifted to digital music distribution, leaving many music lovers struggling to understand key lyrics. Pet. App. 69a-70a.

Genius stepped into the breach in 2009 with an innovative crowdsourcing solution. It created and maintains an online platform on which over two million music enthusiasts collaborate to transcribe, edit, and annotate music lyrics. *Id.* Genius displays lyrics from approximately five million songs on a publicly accessible website—producing lyrics often within hours of a song’s release.

The effort requires an extraordinary investment. To start, Genius pays music owners for the rights to display their song lyrics. Pet. App. 69a. The big challenge is figuring out what those lyrics are, Pet. App. 70a, as is evident to anyone who has ever committed musical gaffes like “Hold me closer Tony Danza,” or mumbled through portions of songs they can’t quite make out. To achieve the herculean task, Genius has fostered and maintained a vast community of users

who collaborate to accurately decipher and transcribe the words. Pet. App. 69a-71a. Genius also employs “lyrics associates”—often with deep expertise in particular genres—to crack especially tricky passages. Genius C.A. Br. 7. This vibrant combination of crowdsourcing and in-house expertise quickly yields accurate lyrics. Pet. App. 69a-71a. Genius has invested significant time and resources to build the technology and foster the community of users that make this possible. Pet. App. 70a. And without its efforts, accurate lyric transcriptions for many songs would not exist.

Although it pays for the right to display lyrics, Genius does not charge users to access its lyrics. Like many online platforms, it funds the service largely by monetizing web traffic (or “eyeballs”) through advertising revenue. Pet. App. 71a. Its other source of revenue is selling licenses to commercial entities to replicate its library of lyric transcriptions. Apple, for example, pays to reproduce Genius’s lyrics and display them in its Apple Music product. *Id.*

To protect its revenue sources, Genius needs to prevent others from stealing the fruits of its labors. Copyright law generally provides no protection, because Genius does not own the copyrights to any song lyrics. Instead, Genius relies on contract law. Like countless other online platforms, Genius conditions access to its website on assent to terms of service. *Id.* As relevant here, visitors and users of Genius’s website agree not to appropriate content from Genius’s platform for commercial use:

[Y]ou agree not to display, distribute, license perform, publish, reproduce, duplicate, copy, create derivative works from, modify, sell, resell, exploit, transfer or transmit for any commercial purposes, any portion of the Service, use of the Service, or access to the Service.

Pet. App. 138a. Without these contractual protections, an unscrupulous pirate could access Genius, collect all of the transcriptions that it generated at great expense, and costlessly redistribute them on a competing website.

Google And LyricFind Breach Their Contracts With Genius By Stealing Its Content And Launching A Competing Service

Google did just that. Beginning in 2016, Genius began to suspect that Google had been violating terms of service to which it agreed and copying Genius's lyric transcriptions for commercial use. Pet. App. 80a-82a. In response to certain search queries, Google had begun displaying music lyrics in its own "information box," which appears at the top of a search-results page. Pet. App. 73a. Whereas previously, a Google lyrics search might have directed a user to visit Genius's website, lyrics in the information box now diverted attention (and accompanying ad revenue) away from Genius and toward other Google products, such as a YouTube link where the relevant song could be played. Pet. App. 73a-76a.

Genius first noticed that the lyrics to a Desiigner song, "Panda," displayed in Google's information box

matched the lyrics featured on Genius's website character-for-character. Pet. App. 81a-82a. At that time, only two other companies were licensing lyric transcriptions—and neither one matched the lyrics Google had on display. Pet. App. 82a-83a. So, Genius suspected that Google had stolen its lyric transcription. Pet. App. 83a.

To confirm its suspicion, Genius embedded a digital watermark in its lyric transcriptions. Genius replaced apostrophes in the lyrics of certain newly released songs with a distinctive pattern of curly (‘) and straight apostrophes (') that—when converted to dots and dashes—spelled out “RED HANDED” in Morse Code. Pet. App. 84a-85a. The only way this watermark could appear outside Genius's platform would be if a user copied and pasted Genius's lyric transcriptions wholesale. Pet. App. 84a.

Sure enough, Genius caught Google with its hand in the cookie jar: The “RED HANDED” message soon began to appear in the lyrics in Google's information boxes. Pet. App. 85a-88a. Genius took this direct proof of Google's misappropriation to Google; Google assured Genius it would investigate. Pet. App. 85a-90a. But Google deflected responsibility, claiming that it licensed its lyric transcriptions from another source, LyricFind. Pet. App. 89a. Then the “RED HANDED” watermark disappeared from Google's information boxes, but the lyrics remained unchanged. Pet. App. 93a-98a.

Genius knew that Google and LyricFind persisted in lifting lyric transcriptions from its platform. So, Genius devised a second watermark. This one relied

on replacing select space marks with a special character, the “four-per-em” space. Pet. App. 93a-94a. To the human eye, a four-per-em space is indistinguishable from an ordinary space. But a computer knows the difference. Genius combined ordinary spaces and four-per-em spaces in its lyric transcriptions to spell out “GENIUS” in Morse Code. *Id.*

Genius continued to watermark lyric transcriptions of new releases with either “RED HANDED,” “GENIUS,” or both. Pet. App. 94a-95a. Naturally, the “RED HANDED” watermarks (which Google and LyricFind knew about) were stripped out of Google’s information boxes. But the “GENIUS” watermarks consistently appeared. Pet. App. 95a-96a. So, Google and LyricFind were not only continuing to steal Genius’s lyric transcriptions, in knowing violation of Genius’s terms of service—they were also trying to cover their tracks. Genius once again brought this evidence to Google and demanded that it cease and desist, but Google continued to deny that it had robbed Genius of its lyrics and deflected to LyricFind. Pet. App. 98a.

The Court of Appeals Finds Genius’s Breach-of-Contract Claims Preempted

In an effort to stop Defendants’ theft once and for all, Genius sued Google and LyricFind in New York state court. As relevant here, Genius asserted that they had breached their contracts by violating the terms of service’s commercial-use restriction. Pet. App. 103a-05a, 107a-11a. (Genius also asserted state-law claims for unfair competition, unjust enrichment, and indemnification.) Genius’s complaint explained that Google’s theft had enormous consequences for

Genius, driving down the number of users who click through to lyrics on Genius after searching on Google by as much as 70%. Pet. App. 100a. That reduction in web traffic to Genius’s platform inflicted extensive financial harm, to the tune of \$50 million. Pet. App. 100a-101a, 122a.

The Wall Street Journal and other media outlets covered the suit, complimenting Genius for “put[ting] a spotlight on growing concerns that big tech companies like Google can stifle smaller competitors through some of their business practices.” Robert McMillan, *Genius Media Sues Google, Alleging Anti-competitive Use of Lyrics*, Wall St. J. (Dec. 3, 2019), <https://tinyurl.com/c8h2xh2y>. Genius had provided yet another example of Google’s repeated efforts to squeeze out competitors by replicating their services and then privileging its own content in search results. *Id.*; see Jay Yarrow, *Yelp CEO: Google Is A Monopolist That Screws Us Over, And Here’s How*, Bus. Insider (Sept. 21, 2011), <https://tinyurl.com/6zmem8ew> (discussing allegations that Google “steals Yelp’s content without attribution [and] favors its own sites” in search results).

Defendants removed the case to federal court on the grounds that Genius’s claims were preempted by § 301(a) of the Copyright Act and thus subject to the exclusive jurisdiction of the federal courts. Pet. App. 25a-26a. The district court then denied Genius’s motion to remand, finding all of its claims preempted by § 301(a). Pet. App. 18a-65a.

On the breach-of-contract claims, the district court held that Genius’s claim that Defendants

violated their contractual obligation not to copy or scrape its content for commercial purposes was not “qualitatively different from federal copyright claims.” Pet. App. 44a. The critical reason was that Genius “has not alleged ... any contractual promise not based on rights arising from federal copyright law.” *Id.*

The Court of Appeals affirmed. Pet. App. 17a. The court separately considered the two key prerequisites for preemption. It first addressed the “subject-matter requirement,” Pet. App. 6a-8a, i.e., whether Genius asserted rights over a “work ... [that] come[s] within the subject matter of copyright as specified by sections 102 and 103,” § 301(a). The court determined that Genius’s claims did “come within the subject matter of copyright” because they concerned lyric transcriptions. The court acknowledged that Genius had no copyright in the transcriptions. But that did not matter, it held, because “[t]he scope of copyright for preemption purposes ... extends beyond the scope of available copyright protection.” Pet. App. 6a-8a (quoting *Forest Park v. Universal TV Network, Inc.*, 683 F.3d 424, 429–30 (2d Cir. 2012)).

The court next addressed the second prerequisite: whether the rights asserted under Genius’s breach-of-contract claims were “equivalent to ... the exclusive rights within the general scope of copyright.” Pet. App. 9a (quoting § 301(a)). Because Genius’s claims concerned the “copying and reproduction of Genius [c]ontent,” the court concluded that they were “equivalent.” Pet. App. 10a-11a. The court explained that Genius’s claims were “coextensive with an exclusive right already safeguarded by the Act—namely,

control over reproduction and derivative use of copyrighted material.” Pet. App. 11a.

Next, the court considered whether Genius’s breach-of-contract claims included “any extra elements that make [them] qualitatively different from a copyright infringement claim.” Pet. App. 9a. Genius had pointed to the elements of “mutual assent and valid consideration” that formed the basis of claims sounding in contract: Defendants’ promise “not to scrape Genius’s content and use it for commercial purposes … in exchange for access.” Genius C.A. Br. 40. Genius had also argued that because its claims were premised on this bargained-for exchange, its contractual rights differed from rights under the Copyright Act because they could be asserted only against contractual counterparties—not the public at large. Genius C.A. Br. 41.

The court rejected these arguments. It held that such extra elements were “not sufficient” to avoid preemption. Pet. App. 11a. For support, it relied on authority from the Sixth Circuit holding that where a contractual promise “amounts only to a promise to refrain from reproducing, performing, distributing or displaying the work, then the contract claim is preempted.” Pet. App. 12a (quoting *Wrench Ltd. Liab. Co. v. Taco Bell Corp.*, 256 F.3d 446, 457-58 (6th Cir. 2001)). The court also pointed to its own precedent taking a “restrictive view of what extra elements transform an otherwise equivalent claim into one that is qualitatively different from a copyright infringement claim.” Pet. App. 12a. Based on that precedent, the court held that Genius’s breach-of-contract claims were “not qualitatively different from a copyright

claim and [are] therefore preempted.” Pet. App. 12a-13a. Since the contract claims were preempted, and Genius did not have a claim under the Copyright Act, the Court of Appeals affirmed the district court’s dismissal of the entire suit. Pet. App. 17a.

REASONS FOR GRANTING THE WRIT

I. The Court Of Appeals’ Decision Deepens An Acknowledged Circuit Split On The Copyright Act’s Preemption Of Breach-Of-Contract Claims.

The circuits are intractably split on whether § 301 preempts claims for breach of a contractual restriction on copying and use of content. The majority rule—followed by the Fifth, Seventh, Eighth, Eleventh, and Federal Circuits—is that such breach-of-contract claims are not preempted. But the Sixth Circuit has expressly departed from this majority rule (along with state appellate courts), and the Second Circuit has now joined them. Those courts hold that a breach-of-contract claim is generally preempted if the only enforceable obligation imposed is not to copy material. These courts treat such claims as equivalent to a copyright claim unless the contract imposes some additional element that, in the court’s subjective judgment, makes the contract claim qualitatively different from a copyright claim.

A. In at least five circuits, this case would have come out the other way.

Start with the Seventh Circuit, which issued the leading opinion on the subject: *ProCD, Inc. v.*

Zeidenberg, 86 F.3d 1447 (7th Cir. 1996). In *ProCD*, a software company sold a computer database containing information compiled from telephone directories at “two prices: one for personal use, [and] a higher price for commercial use.” *Id.* at 1449-50, 1454. To control arbitrage, the consumer version of the software contained an end-user, or “shrinkwrap” license—i.e., a license whose terms were contained inside the software’s packaging—that limited use of the product to “non-commercial purposes.” *Id.* at 1450. The defendant, however, ignored the commercial-use restriction and distributed the consumer version of the software on the internet for a fee.

The Seventh Circuit, in an opinion authored by Judge Easterbrook, concluded that the Copyright Act did not preempt the software company’s breach-of-contract claim. The Seventh Circuit explained that “a simple two-party contract is not ‘equivalent to any of the exclusive rights within the general scope of copyright’ and therefore may be enforced.” *Id.* at 1455. That is so because rights equivalent to those under the Copyright Act “are rights established *by law*—rights that restrict the options of persons who are strangers to the author ... [since] [a] copyright is a right against the world. Contracts, by contrast, generally affect only their parties ... [and] do not create ‘exclusive rights.’” *Id.* at 1454. *ProCD* drew further support from this Court’s precedents confirming that “courts usually read preemption clauses to leave private contracts unaffected.” *Id.* (citing *Am. Airlines, Inc. v. Wolens*, 513 U.S. 219 (1995); *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979)).

Under *ProCD*, Genius's contractual right against Google, prohibiting Google's copying and redistribution for commercial use, would not be preempted. And while the Seventh Circuit refrained from adopting a categorical rule that *all* breach-of-contract claims always escape preemption, *id.* at 1455, its broad reasoning is now a clear majority rule.

The Eleventh Circuit follows the Seventh Circuit's approach. Its cases on the subject suggest that *all* breach-of-contract claims necessarily survive § 301. In *Lipscher v. LRP Publications, Inc.*, 266 F.3d 1305 (11th Cir. 2001), a legal publisher, Law Bulletin, had sued its competitor for surreptitiously obtaining a subscription to its jury-verdict newsletter and then reproducing that information in its own jury-verdict materials, in contravention of the subscription agreement. The Eleventh Circuit held that Law Bulletin's breach-of-contract claim was not preempted, even though its subscription agreements "dealt only with copying and redistribution of the materials" and the breached provision was contained within a provision entitled "Law Bulletin's Copyright Recognized." *Id.* at 1318. Agreeing with *ProCD*'s "persuasive" analysis, the court held that "claims involving two-party contracts are not preempted because contracts do not create exclusive rights, but rather affect only their parties." *Id.*

The Eleventh Circuit reaffirmed this rule in *Utopia Providers Systems, Inc. v. Pro-Med Clinical Systems, LLC*, holding that "pro[of] [of] a valid license agreement ... constitutes an 'extra element'" rendering the rights under the agreement "not 'equivalent

to' exclusive rights under section 106, as required for preemption." 596 F.3d 1313, 1327 (11th Cir. 2010).

The Federal Circuit, applying First Circuit law, also falls on this side of the split. In *Bowers v. Baystate Technologies, Inc.*, 320 F.3d 1317 (Fed. Cir. 2003), the court evaluated whether the Copyright Act preempted a prohibition on reverse engineering contained within a shrinkwrap software licensing agreement. It "follow[ed] the reasoning of *ProCD* and the majority of other courts to consider this issue," to conclude that "the mutual assent and consideration required by a contract claim" distinguish it from a copyright claim. *Id.* at 1325. The Federal Circuit reached that conclusion even though the "copyright and contract claims both rest on ... copying of ... software," and even though the right to fair use under the Copyright Act authorizes reverse engineering to discern unprotectable ideas in a computer program. *Id.* at 1325-27. "[P]rivate parties are free to contractually" agree to terms different from the backdrop conditions supplied by the Copyright Act. *Id.* at 1325-26.

Breach-of-contract claims also escape preemption in the Fifth Circuit. In *Taquino v. Teledyne Monarch Rubber*, 893 F.2d 1488 (5th Cir. 1990), a manufacturer alleged that its exclusive sales agent had breached his contract by using the company's drawings in advertising for his own competing company. The court held that the breach-of-contract claim "involves an element in addition to the mere reproduction, distribution or display: the contract promise made by Taquino, therefore, is not preempted." *Id.* at 1501 (affirming and reproducing district-court opinion in Appendix). Thus, in the Fifth Circuit, breach-

of-contract claims necessarily escape preemption, which means Genius's contract claim would have also survived in that court. *See, e.g., Real Est. Innovations, Inc. v. Hous. Ass'n of Realtors, Inc.*, 422 F. App'x 344, 349 (5th Cir. 2011).

Finally, the Eighth Circuit has also held that breach-of-contract claims premised on restrictions on the use of the underlying material are not preempted. In *National Car Rental Systems v. Computer Associates International, Inc.*, 991 F.2d 426 (8th Cir. 1993), a software company alleged that National Car Rental had breached its software license, which restricted use of the software to National's own data. In other words, rather than using the software for National's own personal use, National had made commercial use of the software to evaluate another company's data. The Eighth Circuit held that "the contractual restriction on use of the programs constitutes an additional element making this cause of action not equivalent to a copyright action." *Id.* at 432. The use restriction was "a right not existing under the copyright law," and "[a]bsent the parties' agreement, this restriction would not exist." *Id.* at 433. *See also Davidson & Assocs. v. Jung*, 422 F.3d 630, 638-39 (8th Cir. 2005) (relying on *National* and *Bowers* in concluding that claim for breach of clickwrap agreement prohibiting reverse engineering was not preempted).

State appellate courts, including New York's highest court, have also adopted the majority view. *See Meyers v. Waverly Fabrics*, 65 N.Y.2d 75, 78 (Ct. App. 1985) (breach-of-contract claims not preempted); *TruLogic, Inc. v. Gen. Elec. Co.*, 177 N.E.3d 615, 618 (Ohio Ct. App. 2021) (claim for breach of end-user

license agreement prohibiting reverse engineering not preempted).

B. The Sixth Circuit, Second Circuit, and several state appellate courts have rejected the majority rule.

These courts engage in an amorphous inquiry that looks to whether the breach-of-contract claim has features that—in the court’s subjective view—render it qualitatively different than a copyright claim. And in those courts, § 301 preempts a restriction on the use of underlying material that—in the court’s subjective view—ultimately amounts to a promise not to reproduce or distribute the material. That is so even if the underlying promise goes beyond the Copyright Act’s protections.

For its part, the Sixth Circuit has expressly disagreed with the majority approach. It has declined to “embrace the proposition that all state law contract claims survive preemption simply because they involve the additional element of a promise.” *Wrench*, 256 F.3d 446 (disapproving of *ProCD* and *Taquino*), *reh’g en banc denied* (6th Cir.).

In *Wrench*, which the Court of Appeals relied on here, Pet. App. 11a, creators of the “Psycho Chihuahua” cartoon character sued Taco Bell for breaching an implied-in-fact contract by using their ideas in Taco Bell’s advertising materials without payment. The court held that this claim was *not* preempted because, in its view, the “gist” of the claim was “breach of an actual promise to pay” for use of the work, and the Copyright Act does not protect “the right to be paid for the use of the work.” 256 F.3d at 456. But the

Sixth Circuit made clear that under its subjective approach, a state-law claim escapes preemption only if it contains an “extra element [that] change[s] the nature of the action so that it is qualitatively different from a copyright infringement claim.” *Id.* Where the promise “amounts only to a promise to refrain from reproducing, performing, distributing or displaying the work, then the contract claim is preempted.” *Id.* at 457.

The Sixth Circuit went even further than *Wrench* in *Ritchie v. Williams*, 395 F.3d 283 (6th Cir. 2005). There, a promoter sued the singer/songwriter Kid Rock for breaching various agreements that restricted the performance, recording, and distribution of his songs. The Sixth Circuit held that these breach-of-contract claims were preempted because there was no “meaningful ‘extra element’ ... that removes the reformulated claims from the policy of national uniformity established by the preemption provisions of § 301(a).” *Id.* at 287-88. That was so even though the breached contractual promises included a promise to share equally in the income from these songs. *Id.* at 287. Thus, under *Ritchie*, even a promise to share in profits—which indisputably is not dictated by the Copyright Act—does not make the claim qualitatively different from an infringement claim. *Ritchie* acknowledged the “difficulty of applying” the extra-element test. *Id.* at 287 n.3. It also noted the inconsistency in the caselaw, including that some circuits believe that the contract itself provides the extra element that precludes preemption. *Id.*

Some state appellate courts—including Indiana’s highest court—also fall on this side of the split. *See*

Green v. Hendrickson Publishers, Inc., 770 N.E.2d 784, 790 (Ind. 2002) (breach-of-contract claim alleging unauthorized reproduction of book beyond scope of licensing agreement preempted because “pre-emption should continue to strike down claims that, though denominated ‘contract,’ nonetheless complain directly about the reproduction of expressive materials”).

Particularly noteworthy is the California Court of Appeal holding that “[t]he mere breach of the promise inherent in every contract does not constitute the requisite extra element unless the promise creates a right qualitatively different from copyright.” *Kabehie v. Zoland*, 102 Cal. App. 4th 513, 528 (Ct. App. 2002). The court reasoned that a “promise … to refrain from copying the material” is a promise to do “nothing more than that which was already required under federal copyright law.” *Id.* at 526. As such, the plaintiff’s breach-of-contract claims based on the defendant’s duplication and distribution of musical compositions were preempted. *Id.* at 529. Judge Mosk concurred in the result in *Kabehie*, but disapproved of the majority’s “fact-specific analysis.” *Id.* at 531 (Mosk, J., concurring). In his view, the majority’s approach broadened the application of preemption, “a doctrine that deprives a party of state contract remedies and infringes on state sovereignty without any discernible benefit.” *Id.* at 532. Judge Mosk also acknowledged that the majority’s approach conflicted with that of the Fifth, Seventh, and Eleventh Circuits. *Id.*¹

¹ See also *Benjamin Cap. Invs. v. Cossey*, 867 P.2d 1388, 1391 (Or. Ct. App. 1994) (breach-of-contract claim for damages for unauthorized sales of software preempted).

* * *

In short, the split is stark and it is acknowledged. It has persisted for more than 20 years. Indeed, the Sixth Circuit has persisted in the outlier approach even in the face of an en banc petition. *Supra* 20. And while the split may have been tolerable 20 years ago, the split has now deepened in a world where the internet has dramatically expanded the number of businesses it impacts. As discussed *infra* Part II, terms of service are now ubiquitous for tech companies, and they pose particular importance for those companies who do not own the copyright to the underlying material. Moreover, the Second Circuit's approach to this question will have an outsized influence, given the number of tech companies headquartered in New York. Indeed, New York state has the third-largest tech sector in the nation,² and it is home to tech companies like Etsy, Shutterstock, and Squarespace, each of which aggregates user-generated content to which the company can claim no copyright.

This consequential split will not resolve itself. Only this Court can provide the uniformity that is critically important to contracting parties.

II. The Question Presented Implicates The Viability Of A Wide Range Of Businesses That Are Critical To The Modern Economy.

Whether the Copyright Act preempts breach-of-contract claims for copying and misusing content has

² Off. of the N.Y. State Comptroller, *The Technology Sector in New York City* (Sept. 2017), <https://tinyurl.com/2p847w5w/>.

widespread implications for a huge range of businesses—especially businesses on the internet. Companies from Craigslist to Yelp—many of which provide a free public good—depend on terms of service to protect their platforms because they do not hold the copyrights to the content that is so crucial to their success. And ubiquitous contracts like nondisclosure agreements often address the distribution of material that falls within the broad subject matter of copyright but whose content may not actually be copyrightable. The business community needs certainty around how copyright preemption impacts its ability to protect itself through contracts from theft like Google's here.

Almost every business has terms of service that limit what users may do with the information they encounter on the business's website, including by restricting users' ability to copy, redistribute, or commercialize the site's content.³ These terms apply to everything from video games to social-media platforms to software like Microsoft Word.⁴ In short, these

³ E.g., Craigslist, *Terms of Use* (2022), <https://tinyurl.com/yux2745e>; McDonald's, *Terms and Conditions for McDonald's Online Services (USA)* (2017), <https://tinyurl.com/2p8vmeaz>; Target, *Terms & Conditions* (2022), <https://tinyurl.com/5yxcd2rs>; Wash. Post, *Terms of Service* (2014), <https://tinyurl.com/yc6343ua>; Yelp, *Terms of Service* (2019), <https://tinyurl.com/3a7m7kja>.

⁴ See Activision, *Terms of Use* (2022), <https://tinyurl.com/mvfsjb4n928> (terms for Call of Duty and other games); Instagram, *Terms of Use* (2022), <https://tinyurl.com/br4pans7>; Microsoft, *Terms of Use* (2022), <https://tinyurl.com/6268eyzj>. Google itself has terms of service that purport to bind users of Google's various products, restricting their ability to copy and redistribute the content, and/or to use it

terms are a near-universal feature of the modern economy. But without clarity from this Court, companies cannot be sure whether their terms will be enforceable.

For example: A social-media company aggregates user-generated information, and has terms of use that prohibit copying or redistributing its content. But suppose a competing company copies all of this user-generated content and sets up a copycat site. Would the social-media company be powerless to stop this blatant theft because it doesn't own the copyright to the stolen data? According to the minority approach, the answer to that question is "Yes."

Nor can businesses know whether other kinds of contracts will be enforceable. Think about the example we gave in the introduction: a photo gallery that would—according to the minority approach—have no remedy against a visitor who copies the photos in the gallery and sets up his own competing gallery. Or take nondisclosure agreements—a classic example of contracts that often involve nothing other than a promise not to use certain content. *See Entertainment Law 3d: Legal Concepts and Business Practices*, § 9:44.50, Nondisclosure Agreements (2021). For example, two companies that had discussions about whether to merge might contract not to disclose their confidential emails to the public. These agreements encourage

for commercial purposes. For example, the terms of service for Google Maps prohibit “redistribut[ing] or sell[ing] any part of Google Maps” and “copy[ing] the content.” Google, *Google Maps/Google Earth Additional Terms of Service* (2022), <https://tinyurl.com/2v42arjj>.

productive business ventures, giving companies the ability to pursue a straightforward breach-of-contract action if things go south instead of a knotty copyright lawsuit that would require delving into the complexities of copyright protection for emails. See Kenneth R.L. Parker, *Do Not Forward: Why Passing Along An Email May Constitute Copyright Infringement*, Ne. Univ. L. Rev. (2014) (noting that copyright law has “lagged behind technological advancement” in various areas, including “user-generated content” and “forwarded emails”). But nondisclosure agreements face an uncertain future under the circuit split here, because they involve “a promise to refrain from reproducing” or “distributing, or displaying the work.” *Wrench*, 256 F.3d at 456. See, e.g., *Alpha Media Works, Inc. v. Perception Rsch. Servs., Inc.*, No. 09 CIV. 9563 GBD, 2012 WL 406914, at *2 (S.D.N.Y. Feb. 9, 2012) (claim for breach of nondisclosure agreement preempted because it was “indistinguishable” from a copyright claim).

For a leviathan like Google, the uncertainty that the circuit split creates might not matter: Google’s market power renders it largely immune from any concern that lost eyeballs from a devious competitor will suddenly sap its ability to turn a profit. But that is not the reality for most companies on the internet. In particular, companies that invest in creating the infrastructure to aggregate user-generated information but do not own the underlying copyrights—like Genius, but also like Craigslist, eBay, Etsy, Reddit, Wikipedia, and Yelp, among many others—cannot pursue copyright claims when someone steals user-generated content from their sites. Instead, they must rely on terms of service and other contracts.

The businesses that provide those sorts of services have to know whether their contractual protections are enforceable—and the answer cannot depend on which jurisdiction a lawsuit ends up in. These businesses need to know whether they have any remedy for blatant theft of the content on their sites. If so, they will continue to provide important services to hundreds of millions of users,⁵ allowing people to find everything from a birthday gift to a job and housing. If, however, these businesses cannot protect their investment by preventing Google (or any other user) from simply copying all of their content and making a copycat version of their website, then they will either be forced out of business because the stolen content will siphon user traffic (and thus ad revenue), or just abandon the investment entirely. Either outcome would harm the public because it would mean these companies' valuable content would no longer exist.

III. The Decision Below Is Wrong.

In return for availing themselves of the benefits of Genius's platform, Defendants voluntarily undertook a contractual obligation not to replicate Genius's library of lyrics for commercial purposes. Genius insisted on that contractual term precisely because copyright law does not protect its investment. The law of every state protects contractual commitments like these. Nothing in the text or underlying policy of the Copyright Act suggests that Congress intended to

⁵ See *Top 100: The Most Visited Websites In The US*, Semrush Blog (April 2022), <https://tinyurl.com/4mdhrkz4> (listing, for example, Craigslist, eBay, Etsy, Reddit, Wikipedia, Yelp, and Zillow among the most visited websites in the country).

wipe out these sorts of contractual commitments. The Court of Appeals' decision to reject this majority rule was wrong. And its multifactor, subjective test draws arbitrary distinctions among contract claims that have no bearing on the Act's preemptive scope.

A. Congress did not preempt every claim that involves works on which someone, somewhere, might claim copyright protection. It preempted only claims that are “*equivalent* to … *exclusive* rights within the general scope of copyright.” § 301(a) (emphasis added). Both emphasized words represent important limitations on the statute’s preemptive scope, and neither is satisfied by the sorts of contract claims on which Genius and so many other modern companies rely to protect their businesses.

Start with “*the exclusive rights*” enumerated in § 106. Those words cover not merely the right to preclude someone from copying, reproducing, and so forth, but a right that is “exclusive”—that allows the owner of the right to exclude the world. That is what a copyright is—a “right against the world.” *ProCD*, 86 F.3d at 1454. It derives from public law. And it prevents “anyone [from] trespass[ing] into [the] exclusive domain” of the copyright owner. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 433 (1984) (emphasis added).

By contrast, “contracts do not create exclusive rights.” *Lipscher*, 266 F.3d 1318. They have no effect beyond the parties who have agreed to be bound by them. And contract rights have no legal basis apart from mutual assent to the contract’s terms. See 1 *Williston on Contracts* § 1:1 (4th Ed.) (“[T]he obligation of

a contracting party is based on his or her promise.”). Through its breach-of-contract claim, Genius claimed no rights against the world in the song lyrics. Google is free—subject, of course, to the rights of the copyright holders—to do just what Genius did and generate its own lyric transcriptions. The right Genius asserted is based merely on a promise that Google voluntarily made, not on some exclusive right that subsists in law. *See Am. Trucking Ass’ns, Inc. v. City of Los Angeles*, 569 U.S. 641, 650 (2013) (holding that “everyday contractual arrangements” do not carry the “force and effect of law”).

For similar reasons, contract rights are in no sense “equivalent to” the rights that the Copyright Act grants to authors. Copyright inheres “automatic[ally]” in the author, “as soon as a work is captured in a tangible form.” *Georgia v. Public.Resource.Org, Inc.*, 140 S. Ct. 1498, 1513 (2020). Contract rights do not. Copyright does not depend on anyone’s assent, as contract law does. Copyright attaches only when an author creates an original work, whereas contract rights do not depend on either authorship or originality. All of this explains why Genius—and so many businesses in the modern economy—could not turn to copyright law for a remedy; all it has are contract rights. The two are simply not “equivalent.”

The history and underlying purposes of copyright preemption further support this result. The Copyright Act’s fundamental role is to delineate the private exclusive rights conferred on an original work of authorship from that which is “part of the public domain [and] available to every person.” *Feist Publ’ns*,

Inc. v. Rural Tele. Serv. Co., 499 U.S. 340, 348 (1991). Section 301 sharpens and preserves this delineation by “prevent[ing] states from giving special protection to works of authorship that Congress has decided should be in the public domain.” *ProCD*, 86 F.3d at 1453; *see also Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 527 (1994) (noting that it is “peculiarly important that the boundaries of copyright law be demarcated as clearly as possible”). And Congress’ evident priority in displacing the regime of *implied* preemption was to confer the certainty that only an explicitly defined preemption provision can offer. *See H.R. Rep. 94-1476*, at 130 (expressing the aspiration to “avoid the development of any vague borderline areas between State and Federal protection”).

Excluding breach-of-contract claims from § 301’s preemptive scope accords with both aims. A bilateral agreement knowingly entered into by consenting parties does not carve up the public domain. And giving force to a contract does not allow states to “impos[e] their own substantive standards” with respect to copyright. *Wolens*, 513 U.S. at 232. Enforcing a breach-of-contract claim like Genius’s simply does not threaten the federal copyright scheme. And by excluding bilateral rights from § 301’s scope, Congress afforded needed clarity, permitting private parties to order their affairs.

As the Seventh Circuit recognized, this Court’s case law further supports the view that § 301 leaves private rights undisturbed. “[C]ourts usually read preemption clauses to leave private contracts unaffected” precisely because contracts reflect the right of private parties to order their own affairs. *ProCD*, 86

F.3d at 1454; *cf. Am. Trucking*, 569 U.S. at 649 (noting that state “exercise[s] of regulatory authority” may be preempted while enforcement of “contractual commitments voluntarily undertaken” may not (alterations omitted)). This Court and others honor such “privately ordered obligations” even as they may depart from background, federal regulatory rules. *Wolens*, 513 U.S. at 228-29; *see also Utopia*, 596 F.3d at 1327 n.26 (“Parties may enter a license agreement to avoid the cost of having to litigate the validity of a copyright, and this bargain between the parties should be honored.”); *Bowers*, 320 F.3d at 1325-26 (“[P]rivate parties are free to contractually forego the limited ability to reverse engineer a software product under the exemptions of the Copyright Act.”); *cf. Epic Sys. Corp. v. Lewis*, 138 S. Ct. 1612, 1619, 1624-25 (2018) (“employees and employers [should] be allowed to agree that any disputes between them will be resolved through one-on-one arbitration” despite federal enforcement scheme protecting concerted worker activity).

This Court’s reticence to interfere with private contracts makes good sense here: Why *shouldn’t* parties be able to decide between each other the terms and conditions of their relationship? Genius wants to provide free access to its website, which thrives on the participation of a vast community of users. Understandably, it would like to condition that access on a visitor’s assent not to reproduce the content it makes available for commercial use. No goal of the Copyright Act is served by disrupting Genius’s ability to do that and each user’s ability to decide for himself whether the benefit Genius offers is worth the condition of admission. *Cf. Fogerty*, 510 U.S. at 524 (explaining that

the Copyright Act aims to “encourage the production of original literary, artistic, and musical expression for the good of the public”). On the contrary, like many free online platforms, Genius facilitates creativity and collaboration by building a large community of users who annotate, discuss, and debate the content and meaning of song lyrics. In short, Genius serves a greater public good that furthers the purpose of the Copyright Act. And if it is driven out of business, the infrastructure that Genius has built to generate accurate lyric transcriptions will no longer exist, depriving the public of access to those transcriptions.

A rule that invalidates Genius’s contracts with users in the name of the Copyright Act threatens all sorts of other privately negotiated agreements. Many nondisclosure agreements entail promises not to disclose material that is “within the general scope of copyright.” A screenwriter, for example, might be resistant to giving his writing coach an outline of his script without a contract prohibiting the coach from writing a substantially similar script. A clothing designer might be loath to show a piece from her upcoming collection to a competitor without an agreement prohibiting the competitor from copying and marketing those styles. Parties routinely enter into agreements like these that do nothing but prohibit one party from stealing another party’s work. These contracts may involve restrictions on the copying or reproduction of material within the subject matter of copyright. But the non-exclusive rights they create are not shadow-versions of those provided by the Copyright Act; nor do they threaten the federal copyright scheme. There is no reason to preempt private agreements like these.

B. Not only is the Second Circuit’s rule unmoored from the text of the statute and the principles discussed above—it also makes no sense.

The court purported to follow the so-called “extra element” test. Under that analysis a claim is preempted unless it “include[s] … extra elements” that remove it from the “general scope” of copyright. Pet. App. 9a. In other circuits, contractual rights easily satisfy that requirement. That is so because in order for Genius to demonstrate that Defendants have infringed its contractual rights, it cannot rely solely on proof of “the acts of reproduction, performance, distribution or display.” *Utopia*, 596 F.3d at 1326. Instead, Genius first must demonstrate the existence of a contract, supported by mutual assent and valid consideration. *See* Pet. App. 103a, 107a (alleging Defendants “accessed Genius’s website and are bound by its Terms of Service”). And to show breach, Genius must establish that Defendants appropriated content from its platform for “commercial” rather than “personal use.” *See* Pet. App. 103a-104a, 107a-108a (alleging violation of “commercial use” provision of terms of service). Nothing of the sort is required for a claim of copyright infringement. *See* 17 U.S.C. § 501.

But in the Second Circuit, those additional elements are not enough. The extra element must render a claim “*qualitatively* different from a copyright infringement claim.” Pet. App. 9a. What makes for a “*qualitatively*” different element? According to the Second Circuit, one must look to “what the plaintiff seeks to protect, the theories in which the matter is thought to be protected and the rights sought to be enforced.” Pet. App. 9a-10a

(quoting *Briarpatch Ltd., L.P. v. Phx. Pictures, Inc.*, 373 F.3d 296, 306 (2d Cir. 2004)). This approach, the court cautioned, cannot be “mechanical,” but “requires a holistic evaluation of the nature of the rights sought to be enforced.” Pet. App. 10a (quoting *In re Jackson*, 972 F.3d 25, 44 n.17 (2d Cir. 2020)). And the upshot is that “not all ‘extra elements’ are sufficient to remove the claim from the ‘general scope’ of copyright.” Pet. App. 9a (quoting *Jackson*, 972 F.3d at 43).

After describing its nebulous multifactor test, the Second Circuit declared that “given the specific facts Genius pleaded in its complaint, its breach of contract claim is not qualitatively different from a copyright claim.” Pet. App. 12a-13a. The court provided no explanation for its conclusion that the elements of “mutual assent and valid consideration” were “not sufficient *here* to avoid preemption”—nor did it articulate how other breach-of-contract claims (involving other promises or other forms of consideration) *could* differ “qualitatively.” Pet. App. 11a-12a (emphasis added).

The court also ignored entirely the “commercial use” element of Genius’s claim, because binding circuit precedent had already held that “commercial use ... is not enough to qualitatively distinguish [a state-law claim] from a claim in copyright.” *Jackson*, 972 F.3d at 53. Although *Jackson* recognized that copyright “does not require a commercial purpose as an element of a claim of infringement,” it reasoned that “the vast majority of activities that could constitute infringement of copyright are undertaken for a ‘commercial purpose.’” *Id.* at 52-53.

This approach did little more than provide cover for the Court of Appeals' gut impulse that this contract claim should be preempted under § 301. As the Sixth Circuit has itself acknowledged, the subjective version of the "extra element" test "has received much criticism," because it "cannot be applied with any certainty." *Ritchie*, 395 F.3d at 287 n.3 (quoting Marshall A. Leaffer, *Understanding Copyright Law* § 11.7[C] (3d ed. 1999)). It "is not easily workable," and it "broadens the application of preemption ... without any discernable benefit." *Kabehie*, 102 Cal. App. 4th at 532 (Mosk, J., concurring). It leads to arbitrary distinctions among contracts and inconsistency. See *Fogerty*, 510 U.S. at 527 (noting that it is "peculiarly important that the boundaries of copyright law be demarcated as clearly as possible"). This is just the sort of uncertainty Congress aimed to avoid by enacting § 301.

IV. This Case Provides An Ideal Vehicle For Resolving The Question Presented.

This case is an ideal vehicle for resolving the question presented for several reasons. First, the question presented is purely legal, *see Bowers*, 320 F.3d at 1323, and there are no barriers to reaching it here. The Court of Appeals decided it on a motion to dismiss, where the allegations in Genius's complaint must be taken as true. Pet. App. 5a. And the Court of Appeals did not give any alternative rationale for dismissing Genius's breach-of-contract claims. Pet. App. 10a-13a.

Second, the question presented is outcome-determinative. Holding that the Copyright Act preempts a

particular claim requires dismissing that claim; by definition, it cannot “state a cause of action.” Pet. App. 4a (citing *Briarpatch*, 373 F.3d at 309). The Court of Appeals took that path here, barring Genius from obtaining any contractual remedy. Pet. App. 8a-13a. A decision from this Court holding that the Copyright Act does not preempt a licensing agreement’s restrictions on use of covered material would revive Genius’s claims.

Third, the circuits’ conflicting approaches are also outcome-determinative. This case would have come out differently in the Fifth, Seventh, Eighth, Eleventh, and Federal Circuits. *See supra* 15-19. These circuits apply categorical or near-categorical rules that breach-of-contract claims are not preempted because “the existence of a valid contract between the parties” removes those claims from § 301’s reach. *Lipscher*, 266 F.3d at 1319. And the facts here mirror those of *ProCD*; Genius’s online terms of service are the 2022 version of the “shrinkwrap license” that restricted commercial use of ProCD’s software. 86 F.3d at 1454.

Nor does it matter that the Court of Appeals’ opinion here is unpublished, because the opinion expresses that court’s settled view on the intersection of copyright preemption with state-law claims like Genius’s. *See* Pet. App. 10a-13a; *Jackson*, 972 F.3d at 53-54. This Court regularly grants plenary review of unpublished decisions that represent a court of appeals’ settled view on an important question of law. *E.g.*, *United States v. Palomar-Santiago*, 141 S. Ct. 1615 (2021), reversing 813 F. App’x 282 (9th Cir. 2020). This Court has not weighed in on copyright

preemption since before § 301’s enactment, and its intervention is necessary now to resolve this consequential circuit split.

CONCLUSION

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

Respectfully submitted,

Lauren Weber
Emily Villano
ORRICK, HERRINGTON &
SUTCLIFFE LLP
1152 15th Street NW
Washington, DC 20005

E. Joshua Rosenkranz
Counsel of Record
Christopher Cariello
Jennifer Keighley
ORRICK, HERRINGTON &
SUTCLIFFE LLP
51 West 52nd Street
New York, NY 10019
(212) 506-5380
jrosenkranz@orrick.com

August 5, 2022