

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

STRUCTURED ASSET SALES, LLC,

Plaintiffs,

-against-

EDWARD CHRISTOPHER SHEERAN, p/k/a ED SHEERAN, SONY/ATV MUSIC PUBLISHING LLC, ATLANTIC RECORDING CORPORATION, d/b/a ATLANTIC RECORDS, BDI MUSIC LTD., BUCKS MUSIC GROUP LTD., THE ROYALTY NETWORK, INC., DAVID PLATZ MUSIC (USA) INC., AMY WADGE, JAKE GOSLING, MARK "SPIKE" STENT, STONE DIAMOND MUSIC CORP., CHEWIETOURS LP, EMI MUSIC PUBLISHING, SONY MUSIC ENTERTAINMENT INC., SONY CORPORATION OF AMERICA, SONY CORPORATION, MESSINA TOURING GROUP, LLC and DOES 1 THROUGH 10

Defendants.

ECF CASE

20-cv-4329 (RA)

**DEFENDANTS' REPLY MEMORANDUM OF LAW
IN FURTHER SUPPORT OF THEIR MOTION FOR RECONSIDERATION**

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INTRODUCTION

SAS already sued on the valid 1973 registration and lost. No owner or author of *Let's Get It On* authorized the SAS Registration. It is invalid, and this action should be dismissed.

ARGUMENT

I. Defendants Satisfy The Reconsideration Standard

SAS admits reconsideration is warranted where a court “overlooked” “matters,” or there exists a “need to correct a clear error.” (Opp. 3.) Defendants satisfied these requirements. SAS is not the author, claimant or owner of any exclusive rights in the work at issue (nor the authorized agent of any such person/entity). SAS thus lacked any right to file the SAS Application, rendering the SAS Registration invalid. (Mov. 5-6.) SAS also studiously ignores the mistaken linkage of SAS’s lack of authority to file the application with SAS’s misrepresentation of Townsend’s supposed authorship of “additional elements.” (*Id.* 7-8.)

Defendants have not made new arguments (Opp. 9-10); instead they simply support the same legal argument with additional authority – and that is entirely proper, even when the authority preexists the original motion. *See Shrader v. CSX Transp., Inc.*, 70 F.3d 255, 257 (2d Cir. 1995). And SAS admits that additional authority supports the proposition that a copyright claim on an invalid registration, like the SAS Registration, “should not proceed.” (Opp. 9.)

II. SAS Lacked Authority To File The SAS Application

The Federal Regulations implementing the Copyright Act provide that an application may be submitted by: (1) any “author,” (2) any other “copyright claimant,” (3) “the owner of any exclusive right in a work,” or (4) “the duly authorized agent” of any such person/entity. 37 C.F.R. § 202.3(c)(1). SAS is none of these.

A. SAS Is Not An “Author”

SAS is not an author, nor the duly authorized agent of any author.

B. SAS Is Not A “Claimant”

While SAS tries to retract multiple prior admissions that it is not the “claimant,”¹ SAS is **not** the “claimant” because it has **not** “obtained ownership of **all** rights under the copyright initially belonging to the author.” 37 C.F.R. § 202.3(a)(3)(ii) (emphasis added). The rights “initially belonging to the author” include **legal** ownership of the copyright and Section 106’s exclusive rights, and SAS admits it has neither legal ownership of the copyright nor of any of Section 106’s exclusive rights (SAS admits those rights are owned by Stone Diamond, and SAS is not Stone Diamond’s duly authorized agent).

C. SAS Is Not An “Owner Of Any Exclusive Rights” In The Work

SAS argues it is an “owner” of “exclusive rights.” It is not. SAS does not own **any** of Section 106’s exclusive rights.

1. “Owner” Refers Solely To The Legal Owner

The relevant portion of Section 202.3(c)(1) upon which SAS relies derives from Section 408(a) of the Copyright Act, which refers to “the owner of copyright or of any exclusive right in the work.” The exclusive rights are defined in Section 106 of the Act, which identifies the “exclusive rights” that can be exploited or licensed by the **legal** owner. SAS cannot exploit or license any 106 exclusive rights because it owns none.

¹ The SAS Application identifies Stone Diamond as the “Copyright Claimant” (ECF 63-2 at 3), and SAS admitted in opposition to Defendants’ original motion that “as a fractional beneficial owner of the LGIO copyright,” it “could not be Claimant.” (ECF 90 at 13.) SAS falsely pretends the Compendium compelled its prior admission (Opp. 9-10), when, in fact, the definition of “claimant” is set forth in the Regulations. And the Court also recognized “the copyright claimant [is] Stone Diamond,” not SAS. (Opinion at 13.)

“Owner” in Sections 106 and 408(a) refers only to the **legal** owner of copyright. Titled “[e]xclusive rights in copyrighted works,” Section 106 provides that “the **owner of copyright** under this title has the exclusive rights to do and to authorize” six distinct acts (e.g., “to reproduce the copyrighted work”). It is indisputable that **only** a legal owner has the right “to do and to authorize” those acts, and that a “beneficial” owner, having only a passive right to receive royalties, does **not** have that right.

And because “owner of copyright” in Section 408(a) refers solely to a legal owner, the “owner ... of any exclusive right in the work” in Section 408(a) also necessarily refers only to a legal owner, as it would be nonsensical to find that “owner” means one thing as applied to “of copyright” but another thing as applied to “of any exclusive right.”

This conclusion is buttressed by the Act’s usage of the term “owner of copyright” in multiple additional Sections. *See, e.g., Gustafson v. Alloyd Co.*, 513 U.S. 561, 568 (1995) (when interpreting a statute, terms should be given “a consistent meaning throughout the Act”). Without limitation, Defendants note the following non-exhaustive examples:

- **Section 201(c)** provides that “the **owner of copyright** in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work.” Of course, only a legal owner of a collective work has the right to reproduce and distribute it.
- **Sections 401(b)(3) and 402(b)(3)** provide that notices on copies and phonorecords, respectively, shall include “the name of the **owner of copyright**.” This refers to a legal owner. Beneficial owners are not named on copies or phonorecords.
- **Sections 602(a)(1) and 602(a)(2)** concern the “[i]mportation into the United States, without the authority of the **owner of copyright** under this title, of copies or

phonorecords” of a work. Again, only the legal owner of copyright has “authority” to import “copies or phonorecords” of a work “into the United States.”

Further, Section 201(d) – providing for the “transfer” of “ownership of a copyright” or of “[a]ny of the exclusive rights comprised in a copyright” – reinforces that “ownership” refers to legal ownership. Indeed, courts have repeatedly held that a transfer of a beneficial interest is **not** a “transfer of ownership” within the meaning of Section 201(d). *See Broad. Music, Inc. v. Hirsch*, 104 F.3d 1163, 1165-66 (9th Cir. 1997); *Big E. Ent., Inc. v. Zomba Enters., Inc.*, 453 F. Supp. 2d 788, 798 (S.D.N.Y. 2006), *aff’d*, 259 F. App’x 413 (2d Cir. 2008).²

2. SAS’s Reliance On Section 501(b) Is Baseless

Confronted by the plain language of Section 408(a) and the consistent meaning of “owner” and “ownership” in the Copyright Act, SAS tries to invoke Section 501(b)’s provision of standing to a “beneficial owner of an exclusive right under copyright” (which is simply the right to payment with respect to an exclusive right). SAS leaps to the conclusion that because Section 408(a) “does not differentiate between ‘owner’ and ‘beneficial owner,’” Section 408(a) should be interpreted to embrace both legal and beneficial owners. (Opp. 5; emphasis omitted.)³

But Section 501(b) confirms the exact opposite. Unlike Sections 106 and 408, which clearly refer to legal ownership (nowhere mentioning beneficial ownership), Section 501 expressly references a “beneficial owner” in conferring standing to sue. Under settled canons of statutory interpretation, Congress’s decision to include “beneficial owner” in Section 501(b) but to exclude

² Arguably, Section 202.3(c)(1) of the Regulations may be interpreted to permit an “author” of a work to file an application even if the “author” does not retain legal ownership. While that could be contrary to Section 408(a) of the Act and, thus, “inconsistent with law” under Section 702, that issue is not implicated here, as SAS is not an “author.”

³ While SAS lodges groundless attacks at Defendants for making new arguments, SAS never cited Section 501(b) in its original opposition. (ECF 90.)

it from Section 408(a) is presumed intentional. *See, e.g., Russello v. United States*, 464 U.S. 16, 23 (1983). Put simply, “owner” means legal owner **unless** expressly stated otherwise – and Section 408(a) does **not** state otherwise.

Further, “[b]eneficial ownership is a standing doctrine that does not determine the scope or substance of rights under a copyright.” *Hirsch*, 104 F.3d at 1166. And, by definition, a beneficial owner is typically an author (or an author’s successor-in-interest) who has **relinquished** “exclusive rights in exchange for royalty payments.” *See John Wiley & Sons, Inc. v. DRK Photo*, 882 F.3d 394, 414 (2d Cir. 2018).⁴

D. SAS’s Remaining Arguments Fail

First, while SAS argues the Compendium “is not law,” the plain language of the Copyright Act, on its own, mandates the dismissal of this action. (Opp. 5.)⁵

Second, SAS erects a strawman, claiming that certain sections of the Compendium which Defendants “cited” “[i]n their underlying Motion to Dismiss” – Compendium Sections 405.5 and 406 – “do not support [Defendants’] position.” (Opp. 8.) Defendants never claimed those Sections supported their position; Defendants simply explained that those Sections – which SAS, not Defendants, originally cited in *SAS I* (ECF 64 at 13) – do **not** support SAS’s argument that it had authority to file. Section 405.5 merely provides that an author’s estate, devisee or heir that otherwise qualifies as the “claimant” can file an application; Section 406 likewise merely provides that a “transferee who owns all of the rights in the copyright” may name itself as the “claimant”

⁴ SAS’s position is undermined further by its admission in the Complaint that Stone Diamond is “the 100% copyright owner.” (Complaint ¶ 34.)

⁵ SAS also argues contradictorily – and incorrectly – that other Sections of the Compendium supposedly “say that SAS was permitted to do what it did.” (Opp. 8.) For all the reasons discussed above, none of the cited Compendium Sections remotely supports SAS’s argument.

(and file an application). But, again, SAS admittedly is **not** the “claimant,” and does not own “**all**” (much less any) “of the rights in the copyright.”

Third, SAS contends it “did not acquire rights from Townsend’s son but rather by order of the probate court ... which granted Plaintiff an ownership share in the entire Townsend ‘Music Catalog,’” thus creating a “question of fact” whether SAS holds legal ownership. (Opp. 10-11.) This is both a new argument and completely baseless. Neither Townsend nor his son could convey more than they owned, which was only a right to be paid royalties by Stone Diamond. The probate court order addressed only who had the right to receive royalties, not legal ownership of copyrights. In its haste to fabricate a new argument, SAS also overlooks that its own Complaint admits it acquired its rights from Townsend’s son. (See Complaint ¶ 23 (“Clef Michael Townsend ... sold his entire share and right in [Townsend’s] estate to SAS,” “[t]hat interest was put up for sale by [Clef], and the sale was approved by the probate court ...”).)

CONCLUSION

It is respectfully submitted that reconsideration should be granted, and the Complaint should be dismissed.

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March 3, 2026

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ATTORNEY CERTIFICATION

Pursuant to Local Civil Rules 6.3 and 7.1(c), I, as the attorney filing the document, hereby certify that this document, exclusive of the caption, table of contents, table of authorities, signature block, and word count certification, contains 1,748 words. This certification relies on the word count of the word-processing program used to prepare the document.

/s/ Brian M. Maida
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