

Susman Godfrey and Gradstein & Marzano Secure \$43.45 Million Settlement with Spotify in Copyright Class Action

Susman Godfrey L.L.P. and Gradstein & Marzano, P.C. have secured both a \$43.45 million cash fund and an agreement to pay future royalties to settle a class-action lawsuit with Spotify brought on behalf of music copyright owners. The settlement must still receive court approval.

"This is an industry-leading settlement with Spotify and the result of more than one year of litigation and seven months of intense negotiations," said Susman Godfrey partner Steven G. Sklaver, who serves as interim co-lead counsel. "It bestows upon the class substantial monetary benefits and prospective relief."

Sklaver continued: "We are pleased to have secured Spotify's agreement on class members' audit rights, an ownership dispute-resolution process, an investment in a best-practices group and an industry-wide effort to digitize all copyright registration records for pre-1978 musical works."

"It's particularly gratifying that we were able to reach this result after a substantial portion of the proposed class had reached a separate settlement, for a relatively modest amount, through the National Music Publishers Association (NMPA)," added Gradstein & Marzano partner Henry Gradstein, who also serves as co-lead counsel. "Our settlement obviously compares very favorably to the NMPA settlement of \$25 million, which supposedly covered 96 percent of songs by market share. Our class – supposedly consisting of 4 percent by market share – will receive over 150 percent of what the NMPA publishers receive."

Under the agreement terms, Spotify will establish a \$43.45 million settlement fund from which qualifying class members will receive compensation for past streaming or downloads of their compositions. Spotify also agreed to pay future royalties calculated at the statutory rate for songs streamed by the service, and make its track database available for claimants. In addition, Spotify is responsible for all costs associated with the administration and management of the settlement fund and notice, which adds an additional \$1 million to \$2 million in benefits alone.

The suit was filed January 8, 2016, in the Central District of California by singer-songwriter Melissa Ferrick, who sought royalties for songs played by Spotify, a leading streaming music service. Jacob Pistorius and Gerencia Publishing 360 were also named as plaintiffs.

In addition to Sklaver, the Susman Godfrey trial team included partners Stephen E. Morrissey and Kalpana Srinivasan, as well as associates Geng Chen and Krysta Kauble Pachman. Gradstein & Marzano partner Maryann R. Marzano also served as plaintiffs' counsel.