

**UNITED STATES COPYRIGHT ROYALTY JUDGES
Washington, D.C.**

In the Matter of:

Determination of Rates and Terms for
Digital Performance of Sound Recordings
and Making of Ephemeral Copies to
Facilitate Those Performances (*Web V*)

Docket No. 19-CRB-0005-WR
(2021-2025)

**SOUNDEXCHANGE'S BRIEF ON THE APPLICATION OF THE ATTORNEY-CLIENT
PRIVILEGE TO COMMUNICATIONS TO AND FROM IN-HOUSE COUNSEL WHO
HAVE LEGAL AND MANAGEMENT RESPONSIBILITIES**

SoundExchange¹ submits this brief in response to the Judges' September 3, 2020 request for briefing on the body of privilege law involving in-house attorneys who have both legal and business responsibilities. At issue is whether Exhibit 5512 should be admitted into evidence with the redactions applied by SoundExchange. As described in SoundExchange's privilege log, those redactions were applied to a "request for legal advice" from Jeff Walker to Stuart Levene "concerning the] interpretation of [a] contract and [the] scope of contractual rights vis-à-vis [a] counterparty," as well as Mr. Levene's response providing the requested advice and "interpretation of [the] contract." Mr. Levene is "a business and legal affairs executive for Sony Music," "an attorney based in London,"² and "one of the key people" who negotiated the contract discussed elsewhere in Exhibit 5512. Tr. 5272:14-22.

In the corporate context, in-house counsel often serve a "dual role" of legal advisor and business executive. *Rowe v. E.I. duPont de Nemours & Co.*, 2008 WL 4514092, at *8 (D.N.J. Sept. 30, 2008). Communications "made while in-house counsel is acting in his professional capacity as a lawyer" are protected by the privilege to the same extent as communications between outside counsel and a client. *Id.* at *7; *see also In re Lindsey*, 158 F.3d 1263, 1270 (D.C. Cir. 1998); *Ames v. Black Entm't Television*, 1998 WL 812051, at *7 (S.D.N.Y. Nov. 18, 1998); *In Re*

¹ "SoundExchange" is SoundExchange, Inc., American Federation of Musicians of the United States and Canada, Screen Actors Guild-American Federation of Television and Radio Artists, American Association of Independent Music, Sony Music Entertainment, UMG Recordings, Inc., Warner Music Group Corp., and Jagjaguwar Inc.

² NAB's suggestion to the contrary, Tr. 5761:23-5762:6, privilege law does not apply differently because Mr. Levene is a solicitor rather than a barrister. *See Firefighters' Ret. Sys. v. Citco Grp. Ltd.*, No. CV 13-373-SDD-EWD, 2018 WL 2323424, at *3 (M.D. La. May 22, 2018) ("Privilege obviously attaches to a document conveying legal advice from solicitor to client and to a specific request from the client for such advice" (quoting *Balabel v. Air India*, [1988] Ch 317, at 327 (Eng.)); *VLT Corp. v. Unitrode Corp.*, 194 F.R.D. 8, 19 (D. Mass. 2000) ("Communications with solicitors, in turn, are privileged to the same extent as they are under United States law."); *see also Mold-Masters Ltd. v. Husky Injection Molding Sys., Ltd.*, No. 01C1576, 2001 WL 1268587, at *3 (N.D. Ill. Nov. 15, 2001) ("From its inception, the attorney-client privilege applied to all professional legal advisors. Professional legal advisors in England were barristers, attorneys, and solicitors, all of which were lawyers.").

Grand Jury Subpoena Dated Dec. 19, 1978, 599 F.2d 504, 510 (2d Cir. 1979). By contrast, “communications made by and to the same in-house lawyer with respect to business matters, management decisions or business advice are not protected by the privilege.” *Boca Investering P’ship v. United States*, 31 F. Supp. 2d 9, 11 (D.D.C. 1998).

To determine whether the privilege applies, “[a] court must examine the circumstances to determine whether the lawyer was acting as a lawyer rather than as business advisor or management decision-maker.” *Id.* at 12. As one might expect, this is a fact-dependent inquiry in which “context ... is key.” *Exxon Mobil Corp. v. Hill*, 751 F.3d 379, 382 (5th Cir. 2014). With that said, the following principles emerge from a review of the case law.

First, “[t]here is a presumption that a lawyer in the legal department or working for the general counsel is most often giving legal advice, while the opposite presumption applies to a lawyer ... who works for the Financial Group or some other seemingly management or business side of the house.” *Boca Investering*, 31 F. Supp. 2d at 12. At least one court has recognized that this factor is ambiguous with respect to executives (like Mr. Levene) who work “not only as lawyers, but as high-ranking management executives” within the “Business and Legal Affairs” department of a record company. *TVT Records v. Island Def Jam Music Grp.*, 214 F.R.D. 143, 144-45 (S.D.N.Y. 2003).

Second, in order to be protectable by the privilege, the communications must be ““designed to meet problems which can fairly be characterized as predominately legal.”” *Rowe*, 2008 WL 4514092, at *8 (quoting *Leonen v. Johns-Manville*, 135 F.R.D. 94, 99 (D.N.J. 1990)); *see, e.g.*, *TVT Records*, 214 F.R.D. at 146 (applying privilege to communications from in-house counsel that “arguably raise[d] issues requiring legal advice” involving “copyright clearances and ownership issues,” but not to communications involving other business matters). Some examples

include “assessment[s] of [a company’s] legal standing with respect to [an] existing contract,” “legal interpretations of certain contract terms,” requests for a “legal opinion regarding the parties’ rights and responsibilities under a proposed revision of [a] licensing agreement,” and requests for “guidance on how [a] company should conduct matters in light of its legal obligations under [a] proposed contract.” *AU New Haven, LLC v. YKK Corp.*, 2017 WL 4838793, at *7-8 (S.D.N.Y. Oct. 24, 2017), *order clarified on reconsideration*, 2018 WL 333828 (S.D.N.Y. Jan. 5, 2018). Such statements are protected by the privilege even when “made in the context of business negotiations,” because “the predominant purpose of the statements undoubtedly was to render advice of a legal nature to the client.” *Id.* at *7.

Third, “if a communication is made primarily for the purpose of soliciting legal advice, an incidental request for business advice does not vitiate the attorney-client privilege.” *Hercules, Inc. v. Exxon Corp.*, 434 F. Supp. 136, 147 (D. Del. 1977); *Rowe*, 2008 WL 4514092, at *8. Courts have applied this rule out of a recognition that “[t]he complete lawyer may well promote and reinforce the legal advice given, weigh it, and lay out its ramifications by explaining: how the advice is feasible and can be implemented; the legal downsides, risks and costs of taking the advice or doing otherwise; what alternatives exist ... or the collateral benefits, risks or costs in terms of expense, politics, insurance, commerce, morals, and appearances. So long as the predominant purpose of the communication is legal advice, these considerations and caveats are not other than legal advice or severable from it.” *In re County of Erie*, 473 F.3d 413, 420 (2d Cir. 2007).

SoundExchange submits that its redactions to Exhibit 5512 were applied consistent with the above legal principles, to communications “which can fairly be characterized as predominantly legal” but *not* to business-oriented communications between the same individuals later in the same email thread. *Cuno Inc. v. Pall Corp.*, 121 F.R.D. 198, 204 (E.D.N.Y. 1988).

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Respectfully submitted,

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Proof of Delivery

I hereby certify that on Tuesday, September 08, 2020, I provided a true and correct copy of the SoundExchange's Brief on the Application of the Attorney-Client Privilege to Communications To And From In-House Counsel Who Have Legal and Management Responsibilities to the following:

Educational Media Foundation, represented by David Oxenford, served via ESERVICE at doxenford@wbklaw.com

National Association of Broadcasters, represented by Sarang V Damle, served via ESERVICE at sy.damle@lw.com

Google Inc., represented by Kenneth L Steinthal, served via ESERVICE at ksteinthal@kslaw.com

Sirius XM Radio Inc., represented by Benjamin E. Marks, served via ESERVICE at benjamin.marks@weil.com

Pandora Media, LLC, represented by Benjamin E. Marks, served via ESERVICE at benjamin.marks@weil.com

National Religious Broadcasters Noncommercial Music License Committee, represented by Karyn K Ablin, served via ESERVICE at ablin@fhhlaw.com

Signed: /s/ Previn Warren