

**IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF FLORIDA  
FORT MYERS DIVISION**

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PRO MUSIC RIGHTS, LLC and SOSA	>:	
ENTERTAINMENT LLC,	:	
	:	Civil Action No. 2:19-cv-00843
Plaintiffs,	:	
	:	
v.	:	
	:	
SPOTIFY AB, a Swedish Corporation; SPOTIFY	:	
USA, INC., a Delaware Corporation; SPOTIFY	:	
LIMITED, a United Kingdom Corporation; and	:	
SPOTIFY TECHNOLOGY S.A., a Luxembourg	:	
Corporation,	:	
	:	
Defendants.	:	

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**PLAINTIFFS’ COMPLAINT WITH INJUNCTIVE RELIEF SOUGHT  
AND DEMAND FOR JURY TRIAL**

Plaintiffs Pro Music Rights, LLC (“PMR”), which is a public performance rights organization representing over 2,000,000 works of artists, publishers, composers and songwriters, and Sosa Entertainment LLC (“Sosa”), which has not been paid for 550,000,000+ streams of music on the Spotify platform, file this Complaint seeking millions of dollars of damages against Defendants Spotify AB, Spotify USA, Inc., Spotify Limited, and Spotify Technology S.A. (collectively, “Spotify” or “Defendants”), alleging as follows:

**NATURE OF ACTION**

1. Plaintiffs bring this action to redress substantial injuries Spotify caused by failing to fulfill its duties and obligations as a music streaming service, willfully removing content for anti-competitive reasons, engaging in unfair and deceptive business practices,

obliterating Plaintiffs' third-party contracts and expectations, refusing to pay owed royalties and publicly performing songs without license.

2. In addition to live performances and social media engagement, Plaintiffs rely heavily on the streaming services of digital music service providers, such as and including Spotify, to organically build and maintain their businesses. "Streaming" refers to a method of delivering music without requiring the listener to download files onto the listener's device.

3. Starting in or about May 2017, Spotify removed all of Plaintiffs' songs from its digital music streaming platform — commonly known as "Spotify" — without advance notice, without ever telling Plaintiffs why their songs were removed, without ever giving Plaintiffs an opportunity to address the issue, without ever providing Plaintiffs with an opportunity to cure whatever the reason for removal, and without adhering to the rules, procedures, policies and obligations to which Spotify holds itself out to the public.

4. By doing that, Spotify acted deceptively and unfairly by not making *any* effort whatsoever to identify the origin(s) of the approximately 550,000,000 streams of Plaintiffs' songs before removing them — despite telling the Plaintiffs and the market that's what Spotify would do before removing streams from its platform. Nor did, worse yet, Spotify parse out which streams were played too much and which streams were not played enough.

5. Plaintiffs' songs had to have genuine streams since Spotify added at least one of Plaintiffs' tracks onto a very popular, if not the most popular, Spotify-sponsored playlist in or about March 2017: "New Music Friday" which, at that time, had approximately 3,016,144 followers.

6. As it knows and claims to do, Spotify is required to remit royalty payments to Plaintiffs for the streams of their songs and to obtain public performance licenses for the public performance of songs on its platform. To date, however, Spotify has not paid full royalties for the 550,000,000+ streams of Plaintiffs' songs on Spotify's service.

7. Furthermore, Spotify did not remove just the songs that it may have guessed were played too much; rather, Spotify manually blanket-banned all of Plaintiffs' tracks without regard to any track-by-track analysis and then deliberately and maliciously blacklisted from its platform the Plaintiffs and their founder, Jake Noch, along with each and every single artist, composer, and writer associated with the Plaintiffs and Noch. All of the artists under Plaintiffs' umbrellas were deemed by Spotify guilty by association – in violation of the rules, procedures, policies and obligations to which Spotify holds itself out to the public.

8. Spotify's motive for this aggressive action was directly tied to its equity deal with Music and Entertainment Rights Licensing Independent Network, B.V. d/b/a Merlin ("Merlin"), a global digital rights agency for the world's leading independent music companies.

9. Sosa was a member of Merlin and, just prior to Spotify's removing all of Plaintiffs' content from Spotify's platform, Sosa had renewed its contract with Merlin, under which Spotify issued a material percentage of its equity to Merlin. By virtue of Sosa's membership with Merlin, Sosa was entitled under its contract with Merlin to receive equity in Spotify.

10. The deal between Merlin and Spotify was announced by Spotify's Chief Executive Officer to the public via Twitter on April 20, 2017:



11. Spotify's take-down of Plaintiffs' content was a bad faith tactic to exert pressure on Merlin to exclude Sosa from the equity participation, and Spotify was motivated by its maliciousness to cause Merlin to terminate its contract with Sosa. And it worked.

12. Spotify's reasoning was that high stream counts from largely unknown, independent acts do not generate close to the same revenue for Spotify from advertisements as compared to mainstream acts and, as such, do not offset the royalties owed by Spotify for such streams.

13. Moreover, Spotify told Merlin that 99% of the users responsible for the 550,000,000 streams of Sosa's songs were users of Spotify's ad-supported service (and not Spotify's subscription service which is Spotify's primary source of revenue and profit). As a result, hosting Plaintiffs' music for streaming by users of Spotify's free service had at the time, and would continue to have, dire financial consequences for Spotify.

14. Spotify had every reason to tighten its financial belt. In its past four financial years (2015 – 2018), Spotify's cumulative annual net losses exceeded \$2 billion dollars.

15. In 2017, Spotify's IPO was on its horizon. Since Spotify's financials and forecasts would come under global scrutiny in its impending IPO, Spotify knew, or had reason to know, the tremendous growth of a non-mainstream label, such as Sosa, would further depress Spotify's financials and forecast in its IPO. Indeed, Spotify knew, or had reason to know, it would have to make, and would have to continue making, royalty payments to Sosa in the millions of dollars as Sosa's success continued to grow. Spotify's management, including its Chief Executive Officer, decided to be nimble and crafty to shore up its financials leading up to the IPO, and they did that by blanket-removing Plaintiffs and their repertoire of songs.

16. So, Spotify invented a pretext to swiftly stem the bleeding caused by the users of Spotify's free service from playing Sosa's catchy songs.

17. As a result of Spotify's discrimination and unlawful conduct against less established artists, Plaintiffs suffered massive losses. Merlin sold its Spotify shares shortly after Spotify went public on the New York Stock Exchange on April 3, 2018. Merlin allocated those proceeds, pro-rata, to its members, based on the value of Spotify royalties each member received during the period of Merlin's agreement with Spotify.

18. Spotify had beaten the Plaintiffs: (i) Spotify fabricated a reason to remove Sosa's songs from its platform, (ii) Spotify removed those songs to avoid having to pay royalties for reasons having nothing to do with Sosa, (iii) Spotify communicated false statements to Merlin about Sosa, its songs, its artists, its members and its business, and (iv) Merlin, as a result of Spotify's false statements, wrongfully terminated its relationship with

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