

New York Court Gives Final Approval to \$58.5 Million Music Licensing Settlement

February 27, 2015

On February 19, 2015, the District Court for the Southern District of New York issued final approval of a \$58.5 million settlement between performing rights society SESAC (Society of European Stage Actors and Composers) and the Television Music License Committee (TMLC). 1:09-cv-09177-PAE (Dkt. No. 221).

The settlement concludes the five-year long litigation funded by the TMLC and filed in 2009 by Meredith Corporation, E.W. Scripps Co. and Hoak Media, LLC on behalf of local television broadcasters.

SESAC and the TMLC Lawsuit

Founded in 1930, SESAC is the smallest, but fastest-growing of the U.S. performing rights societies. SESAC currently licenses the public performances of over 400,000 songs, on behalf of 30,000 affiliated composers, songwriters, and music publishers. Until the present settlement, SESAC offered local television broadcasters a single blanket license for the right to publicly perform any title on its music copyright repertoire.

Unlike performing rights societies ASCAP and BMI, SESAC is not subject to an antitrust consent decree with the U.S. Department of Justice. This fact largely spurred the TMLC's class action lawsuit, which alleged various counts of Sherman Act (antitrust) violations and sought modification of SESAC's blanket license.

The complaint further sought to certify a class comprised of all local U.S. and Puerto Rican commercial television stations that obtained SESAC's blanket music license from January 1, 2008 to the date of court approval (i.e., February 19, 2015).[\[1\]](#) In last week's order, the district court certified the class as a settlement class pursuant to Rule 23 of the Federal Rules of Civil Procedure.

The Settlement

Under the settlement, SESAC has agreed to negotiate alternative blanket licenses with the TMLC for 20 years, as well as allow its affiliate publishers, songwriters, and composers to enter into direct licenses with local television broadcasters, should the affiliates and local television broadcasters so choose.

The settlement awards \$42.5 million to the TMLC stations, and \$16 million in attorneys' fees. It will be funded from an escrow account created when Rizvi Traverse purchased 75% of SESAC for approximately \$591 million from Allen & Co., Freddie Gershon, Ira Smith, and Stephen Swid.

SESAC continues to deny that it engaged in any wrongdoing (including any violation of antitrust laws).[\[2\]](#)

[\[1\]](#) In full, the certified settlement class consisted of: "All owners of full-power local commercial television stations in the United States and its territories (including Puerto Rico) that obtained licenses from [SESAC] during the period from January 1, 2008 to the date of this Preliminary [now Final] Approval Order, including those owned and operated by the ABC and CBS television networks as well as NBCUniversal Media, LLC, but excluding local television stations that are owned and operated by the Univision and Telefutura (now known as UniMas) networks.

[\[2\]](#) This is notwithstanding the district court's comment on summary judgment that, after reviewing the evidence, it would "comfortably sustain a finding that SESAC ... engaged in an overall anti-competitive course of conduct designed to eliminate meaningful competition to its blanket license."

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