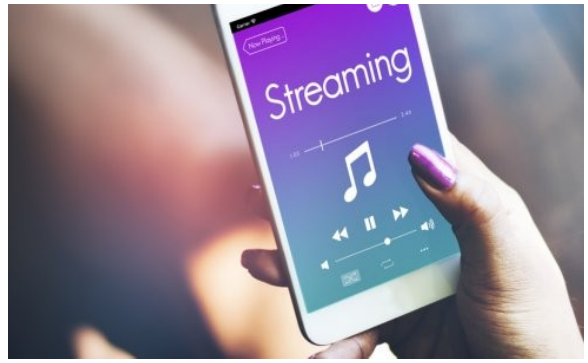
Federal Court Rules SoundExchange Lacks Standing in SiriusXM Royalty Dispute



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Judge Naomi Reice Buchwald of the U.S. District Court for the Southern District of New York dismissed SoundExchange's $150 million lawsuit against SiriusXM, finding that the performance rights organization lacks legal standing to pursue litigation against broadcasters. The August 7, 2025, decision centered on allegations by SoundExchange, a non-profit entity designated by Congress as the singular entity responsible for collecting and distributing digital performance royalties for sound recordings, that SiriusXM manipulated its revenue accounting to shortchange artists on royalties stemming from the company's satellite radio services. SoundExchange based its suit primarily on Section 114 of the U.S. Copyright Act, and claims that the underpaid royalties by SiriusXM have climbed since filing the initial suit in 2023, now allegedly exceeding $400 million. Judge Buchwald's opinion concluded that while Section 114 of the Copyright Act designates SoundExchange as the authority for collecting and distributing digital performance royalties, Congress never explicitly granted the body a private right to enforce nonpayment through litigation —unlike Section 115 — which expressly confers similar litigation powers to The Mechanical Licensing Collective. Notably, Judge Buchwald did not specifically address the merits of SiriusXM's alleged nonpayment, restricting analysis solely to the threshold issue related to Section 114 of the Copyright Act, potentially leaving a door ajar for further enforcement by SoundExchange.

SoundExchange disputed the ruling, calling Judge Buchwald's interpretation "entirely wrong on the law" and argued that Congress's inclusion of the word "enforcement" in Section 114 necessarily implies litigation authority. The organization contends that being charged with collecting and distributing royalties without the ability to bring legal action against non-compliant licensees would undermine the entire statutory licensing framework's function and efficiency. SoundExchange also points to practical precedent, noting as well that SiriusXM has acknowledged in prior disputes that SoundExchange reserves the right to sue for compliance.

The ruling may have broader implications beyond the immediate SiriusXM case, affecting SoundExchange's enforcement capabilities across the digital music industry, including pending lawsuits against Napster and Sonos for similar nonpayment. SoundExchange is considering an appeal to the Second Circuit and potentially filing actions in state courts to preserve its enforcement mechanisms. The case presents a fundamental question about Congressional intent in creating the modern digital music licensing framework and whether administrative efficiency requires corresponding enforcement authority, with the resolution likely to have lasting implications for the balance of power between streaming services and rights holders in the music industry.