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THE HITS Q&A

by nograybox

Interview: Melinda Newman



Paterno outside of billable hours



Attorney **Peter Paterno** represents a diverse array of artists including **Metallica**, **Pharrell**, **Skrillex**, **Linda Ronstadt** and **Dr. Dre**, but his corner office at Century City's **King Holmes Paterno & Berliner** is more a shrine to his beloved **Dodgers** than his clients. Behind his desk is a framed collage of Dodgers memorabilia, and a huge, stuffed Dodger teddy bear, given to Paterno by his girlfriend, occupies its own chair. Paterno grew up on Long Island, N.Y., until he was 12 and then moved to California's Orange County before getting his law degree from **UCLA** in 1976. For more than 30 years, he's proudly played softball in the **Landau Lawyers League**—and even though his official basketball league has folded and his knees are screaming for mercy, he and league friends rent gyms to play basketball three times a week. Paterno, who has aggressively fought for artists' rights in the streaming and downloading sector, spent a recent Friday afternoon with **Melinda Newman** looking back and looking ahead.



Before you were an attorney, you wrote computer software for space shuttles. Why did you give that up?

I had a degree in math and I told the aerospace companies that I wanted to be an engineer so I would get a really good-paying job. I worked there for the summer, and then [said], "Oh, I just got into law school." They didn't know you actually had to apply [in advance]. I liked music a lot more than I liked writing software. The really sad thing is, fast-forward many years later, all I'm dealing with is software. It's like I don't do music anymore, so I should've stayed in the technology part and gotten rich.

You were in general practice at Manett Phelps & Phillips after you got out of law school. What's the advantage of being at a huge firm like Manett versus a smaller boutique firm like King Holmes?

The advantage is [bigger firms get] certain work that I don't get that I can do very well, like the sort of high-level corporate stuff and a lot of mergers and acquisitions. When somebody's going to go buy a publishing company, they tend to go to a big firm with a corporate department. We have a corporate department; it's probably as good as or better than theirs because it came from Manett.

Who was your first music client at Manett?

The first thing they ever assigned me was **Prince**, because Prince was nobody then. They go, "Here's this kid; we just signed him to a three-album deal at **Warner Bros.**." Then all of a sudden, Prince blew up, and they came to me and go, "Maybe we should be talking to Prince." "Okay, fine." Prince was **Lee Philips'** client. They took me off the file when he got big, which, if you're a smart lawyer, you want to stay close to your most important clients. Having some 27-year-old screw-up handling it who doesn't know anything about the music business may be not be the best idea. Then I started developing my own clients.

Though they weren't your first clients, you've represented Metallica for almost 30 years. How did that come about?

They were in Brooklyn. They were in a one-bedroom apartment that had no heat, and they were really miserable. They said, "We've got to get out of this." They were being managed by **Johnny Zazula**, who ran **Megaforce**. I like John, so nothing bad about him. They talked to **Cliff Burnstein**, and Cliff said, "Well, I got a guy that may be able to help you." I got them out of their management contract. I got them out of their record contract, and then Cliff came in and signed them, and **Elektra** signed them on the record side.

Why don't you personally represent companies?

I made a conscious decision a while ago, "I want to represent talent because talent's always going to exist and people are always going to want talent. I don't need to represent tech companies." It seems like a better focus, and I'm happy because I don't have to have those conflicts.

Do you represent executives?

It's not my favorite thing to represent executives—they get wrapped up in their deals. With artists, they just want to go make music. Executives want to negotiate the paint flecks in the walls of their office.



You left Manett in 1990 to run Hollywood Records, a move you've described as a colossal failure.

If I said that, it was probably tongue in cheek. I don't think it was a colossal failure. It was a failure for me, but I actually thought by the end of it I was doing a pretty good job, although nobody knew. We did make money one year, which was the year **Queen** blew up. But it was not a great fit between me and my sensibilities and the **Disney Company**. **Michael Eisner**—who's great—and I still get along, even though he fired me.

In 2000, Metallica sued Napster, becoming the first artist to sue a P2P file-sharing service. In hindsight, was that the right move?

I'm not sure that they would agree today that the Napster thing was a good decision. I personally think it was the right thing to do; I have no problem with it. Again, it's not my career, it's Metallica's career, so to the extent that it affected their career, which I don't think it did, but to the extent that it affected them, it was a tough fight for them. Nobody's mad at me. The really funny thing about that was there were two plaintiffs in that case.

Who was the other one?

**Dr. Dre**. But his fans aren't whiny white kids, you know. His fans were like, "You know what, Dre, you got yours, you keep yours." **Lars [Ulrich]** was the face. [Now] everybody goes, "Let's rewrite history. Should've made a deal with Napster." They had 25 million people on Napster. They were paying nothing, OK? If we can convert them all to a \$10-a-month [subscriptions] that's \$250 million a month times 12 months, that's \$3 billion. We were a \$12 billion industry at the time. Let's trade that for a \$3 billion industry? And that's assuming all 25 million convert. You tell me what the deal was. I was there—there was no deal for the industry. There was nothing. It's just craziness.

Dr. Dre has presumably made far more money off of Beats headphones than off of music. What does that say about the music industry?

He made a lot of money off of music, don't kid yourself. I don't think it says much about the music industry. It says more about the guy who put together a super-successful headphone line with **Jimmy Iovine**. Those are two incredibly talented guys who caught lightning in a bottle. This was a phenomenon. They're super-talented and did everything right.



What's your early assessment of Beats Music?

These businesses aren't built overnight. The adoption rate for streaming services is shockingly low. [Beats has] got every kind of music you could possibly want. I understand you can go to **YouTube**, but putting a YouTube playlist together, [kids have] got to have better things to do. They've got to have some videogames [to play] or some weed to smoke or something like that. I think Jimmy understands the job is to educate the population to the idea that this is something you really need to have.

Is Apple buying Beats a good idea?

For Apple it's a good idea. At some point, streaming services are going to be adopted in a much deeper way than they currently are. You're Apple, and you've got the **iTunes** model, which worked great for a decade, but at some point, you've got to figure out how to get into that [streaming] space...It's a lot easier to buy Beats Music than it is to go haggle with **Doug Morris** over what his cut is going to be of [the] company and [do] all the negotiations that took Beats Music a long time. Plus, they get Jimmy and Dre.

In April, several labels filed suit against Pandora, suing for royalties on songs recorded before February 15, 1972. Can they win?

They should win. There's an entire body of law out there. Back in the early days of pre-performance copyrights, there were bootleggers, and these state laws arose in order [to protect copyrights]. They really didn't have any foundation in the Copyright Act. It didn't cover those things, but the state legislatures and the state courts went, "Wait a second, this isn't right. These people shouldn't be able to get this stuff for free." So all these sort of common law copyright or unfair trade practices, or whatever the denomination was, they all arose back in those days in order to protect the intellectual property. So, I don't see why it's any different today.

As someone who represents artists and songwriters, you see their share of pie getting smaller and smaller, don't you?

Recorded music is smaller; there's no question about that. There are lots of opportunities out there, even today, to make money for musicians, but there's not very many winners, and there's a lot of losers, and there's not much in the middle.

What keeps you up at night?

I sleep pretty well. Most of my clients are doing really well, because they're really talented and talent will always find a way. It's really hard for new artists. You do your first contract, you're not going to make money. If you can last long enough, if you're talented and have a long enough career, you'll come out OK.

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