[US] Preservation of Personal Privacy Act only applies to paying customers

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The United States Court of Appeals for the Ninth Circuit in Michigan issued a unanimous ruling on 6 July 2016 that the free music sharing app Pandora Media, Inc. (Pandora) did not violate the Preservation of Personal Privacy Act (PPPA, and also commonly known as the "video rental privacy act or VRPA") by publically disclosing personal information concerning its customers' music preferences to third parties without their consent.

The Court was asked to determine whether Pandora's actions violated the PPPA, which prohibits the disclosure of "any record or information concerning the purchase, lease, rental, or borrowing of books or other written materials, sound recordings, or video recordings by a customer that indicates the identity of the customer." The Court concluded that Pandora's actions were not in violation of the PPPA because its listeners do not qualify as customers under the PPPA. The Court considered the characteristics of the transaction and found that the listeners neither rent nor borrow the content provided by Pandora because they do not provide a payment to Pandora in exchange for the recordings and there was no promise, implied or expressed, that they would return the recordings or equivalent to Pandora. The Court thus concluded that it would be more apt to characterize the transactions as only involving "the delivery of a sound recording to the listener."

Ruling of the United States Court of Appeals for the Ninth Circuit in Michigan from 6 July 2016

http://www.heise.de/downloads/18/1/8/4/9/6/4/8/Pandora-OP.pdf

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