

ALERT

Commencement of CRB Rate Proceeding for Music Downloads

January 7, 2011

The Copyright Royalty Board (CRB) has announced the commencement of the proceeding to determine the copyright royalties owed to music publishers under the "mechanical license" for music downloads for the term 2013 through 2017. The proceeding will also set a music license fee for ringtone downloads and the distribution of physical copies of sound recordings, and may also implicate music license fees for server copies used in interactive streaming.

Those interested in participating in this proceeding must file a **Petition to Participate**, accompanied by a **\$150 filing fee**, no later than **February 4, 2011**. If your company operates a service that distributes music-including full-track downloads, tethered/limited downloads, ringtones, physical CDs or other media-or engages in interactive streaming, it may wish to participate in this proceeding.

The current fee (set in late 2008 by the CRB) for permanent digital downloads is the greater of 9.1 cents per phonorecord or 1.75 cents per minute of playing time. The CRB also set a license fee for ringtone downloads of 24 cents per ringtone. The CRB also adopted a complicated settlement negotiated by the recording companies, music publishers and digital music services, which set reproduction and distribution license fees for tethered/limited downloads and interactive-even though there is a substantial question whether streaming implicates the mechanical license. It is possible that this settlement will be subject to further negotiation as part of the new proceeding.

Practice Areas

Media

Telecom, Media & Technology

The link to the CRB's notice can be found **here**.