The number one challenge facing songwriters today is that their songs are licensed under outdated government constructs, resulting in royalties that have not kept pace with the digital age. This legislation reforms and streamlines the way digital music services license songs for interactive streaming (Section 115 of the Copyright Act) by creating a single entity (Mechanical Licensing Collective) that will administer blanket licenses for digital uses of songs across streaming platforms, such as Spotify, Amazon, Pandora, and others. The new legislation will benefit **both** streaming companies and songwriters. Songwriters win because they are guaranteed royalties that are subject to better rates for mechanical uses (copies) AND performances of their songs. Streaming services win because they now have a “one-stop shop” to license the songs that drive their businesses, instead of the current, patchwork system. Both parties will see greater transparency in this new licensing framework.

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| **CURRENT SYSTEM** | **NEW LEGISLATION** |
| Mechanical royalty rates are set using an outdated four-part formula (801(b), resulting in below-market rates. | Rates based on what a willing buyer and a willing seller would agree to reflect market negotiations. |
| Songwriters and music publishers pay commission to vendors who administer mechanical licenses. | Costs paid by digital services, eliminating commissions and resulting in higher payments to songwriters. |
| No requirement that songwriters receive royalties for unmatched works - sound recordings where ownership in the underlying musical work has not been identified. | Songwriters are entitled under law to receive at least 50% of all royalties for unmatched works. |
| No process to identify ownership of unmatched copyrighted works. | A clear process through which copyright owners can claim ownership of songs and receive royalties. |
| No transparency of ownership information for copyrighted works. | A free, public, searchable database of musical works with ownership information. |
| No right to audit the digital music providers’ usage of music and royalty payments. | New licensing entity can audit digital services to ensure proper reporting and payment of royalties. Copyright owners will be able to audit the licensing entity to ensure that they are being paid accurately. |
| If a musical work is not on record in the Copyright Office, a digital service can use music without paying royalties by filing a notice with the Copyright Office. 45 million notices have been filed to date. | Digital services will obtain a blanket license from the entity for all musical compositions and will pay royalties on 100% of the music they use. New licensing entity will work to match sound recordings with musical compositions to ensure payments. |
| Digital music services risk legal liability for high statutory damages if they use songs on their services where the copyright owner(s) cannot be found.  | Digital services that obtain a blanket license from the Mechanical Licensing Collective and comply with licensing requirements will be exempt from liability of statutory damages.  |
| No songwriter involvement in mechanical licensing. | Self-published songwriters will have two seats on the board of the licensing entity. Songwriters have four seats on an advisory committee overseeing the unclaimed royalties processes. Songwriters comprise half of a dispute resolution committee, which oversees and resolves disputes over ownership of musical works and distribution of royalties. |
| Rate Courts setting public performance royalties for musical works cannot consider all market evidence, including sound recording rates, which are negotiated in the free market.  | Courts can now consider all market evidence, including sound recording royalties, when setting rates for public performances of musical works.  |
| When ASCAP and BMI cannot negotiate performance royalties with licensees, they go in front of the same two rate court judges, who decide their royalty rates.  | When ASCAP and BMI go to rate court, they can be assigned to any federal judge instead of being stuck with the same one who decides their rates.  |