Gracenote, music publishers in lyrics deal

By Sue Zeidler
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LOS ANGELES (Reuters) - U.S. digital entertainment company Gracenote on Thursday said it obtained licenses to distribute lyrics as music publishers mulled legal action against Web sites that provide them without authorization.

"When we first approached the publishers with this, they were excited. They thought lyrics had been an untapped resource for them and there's quite a bit of lyrics being taken for free on the Web," Ross Blanchard, Gracenote's vice president of business development, told Reuters in an interview.

Gracenote obtained the rights to the lyrics of more than 1 million songs from the North American catalogs of Bertelsmann AG's BMG Music Publishing, Vivendi's Universal Music Publishing Group, Sony/ATV Music Publishing, jointly owned by Sony Corp (NYSE:SNE - news) and Michael Jackson, peermusic and other publishers.

Gracenote also said it was talking with all of its partners, including Yahoo Inc. (Nasdaq:YHOO - news) and Apple Computer Inc's iTunes, on its plans to launch a service to offer legal and accurate lyrics for all digital media.

The service, to be initially available in North America, would be the first industry-backed move to providing lyrics legally, Gracenote said.

Until now, consumers' access to song lyrics has been largely through unauthorized sources, which usually provide inaccurate content, the company said.

Publishing industry officials cited Web sites like (www.lyrics.com) and (www.azlyrics.com) among those who provide their catalogs' lyrics without their authorization. These sites could not be reached for comment.

"This license creates a new revenue stream which will guarantee that songwriters are paid for their work," said Nicholas Firth, chairman and chief executive officer of BMG.
Music Publishing.

Ralph Peer II, Firth's counterpart at peermusic, said licensing lyrics should boost worldwide music publishing revenues, estimated at about $4 billion annually. Peer said he hopes the unauthorized sites will seek licenses.

"I think we'll see a reasonable increase, as much as a 5 percent increase, in industry music publishing revenues five years out from where we are right now," Peer said.

"Clearly, there are copyright issues involving these unlicensed sites, which are making good income through advertising and other sources, while the composers are not getting their due," he said.

Gracenote's Blanchard said it was up to digital music retailers to decide how they will package or price the lyrics, but he did not expect it would involve significant added costs to consumers.

"We anticipate that you'll see different kinds of offers in the market, where lyrics are combined with recorded music in a total package like a subscription. This extra element should help drive sales growth. There are a lot of ways the services will derive value outside of adding an extra charge," he said.