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# Warner Music's YouTube pact raises rights issues



By Brian Garrity

Sun Sep 24, 5:32 PM ET

NEW YORK (Billboard) - Warner Music Group's much-hyped licensing deal with viral video giant YouTube doesn't go into effect until later this year. But when WMG-controlled music and video does surface on the site, it's unclear how much content actually will be available.

The deal, in theory, clears all of WMG's recorded music and music video catalog for use on YouTube. In practice, that's a complicated goal.

The easy part for WMG is delivering its existing catalog of videos for on-demand viewing through the site. Similar deals are already in place with the likes of AOL and Yahoo.

But making its recorded music available in user-generated videos created by the YouTube community is a much thornier proposition.

WMG isn't creating a centralized database of songs for YouTube users. Rather, the label is giving its blessing to YouTube users who take WMG songs they already own and feature them in videos posted to the site. Think a wedding video with the happy couple swaying to "Time of Your Life" by WMG act Green Day.

Then think again.

While WMG is signing off on its master rights for recordings, two other rights -- performance and synchronization -- are triggered by YouTube usage. For the right to perform, or stream, the songs, YouTube already has obtained a license from BMI. Of the other two performing rights societies, ASCAP (American Society of Composers, Authors and Publishers) says it is "in sensitive negotiations" with YouTube, and SESAC (Society of European Stage Authors and Composers) declined comment.

BMI's blanket license covers the right to stream all of the society's compositions for undisclosed percentages of certain defined revenue that YouTube generates. But until SESAC and ASCAP are onboard, YouTube technically doesn't have the right to stream

Reuters Photo: A screen grab of YouTube.com. YouTube, the popular online video sharing service, said on Wednesday...

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roughly half of the available songs they represent -- sad news for our now less-happy wedding couple, because "Time of Your Life" is an ASCAP song.

## GETTING IN SYNCH

Meanwhile, synch licenses, or the right to synchronize the recorded composition with a visual image, still need to be cleared with music publishers. This means more woe for wedding videos.

Unlike the compulsory rate-driven mechanical licensing of physical product sales and downloads, there is not a set fee publishers receive on synch rights. Synch rates are open to negotiation and are most often hashed out on a case-by-case basis.

A company source familiar with the situation says WMG has a framework in place between its recorded music division and its Warner/Chappell Music publishing unit to facilitate the sign-off of artists with all WMG deals. That covers acts like Green Day. But WMG hit songs like "Crazy" by Gnarlz Barkley, "(When You Gonna) Give It Up to Me" by Sean Paul and "I Write Sins Not Tragedies" by Panic! at the Disco are not controlled by Warner/Chappell.

For the WMG/YouTube deal to really work, the label will have to establish a standardized rate for digital synch rights with all publishers.

That's no small task. Both labels and publishers feel growing pressures to create working business models and efficient licensing systems that allow them to profit from fast-moving digital distribution opportunities. But publishers -- not wanting to undervalue their copyrights -- want experimental deals that avoid setting long-term precedents.

Last year saw a number of wide-ranging agreements between major labels and music publishers in an effort to ease the licensing of master ringtones, or song excerpts. Some of those pacts alluded to video rights but avoided specifics.

As a result, WMG may find itself having to pull from YouTube many user-generated videos featuring its songs, while the major label group negotiates with independent publishers and other publishing houses, some controlled by rival major labels -- something WMG sources say the company is prepared to do.

Reuters/Billboard

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