Universal Music sues MySpace over music copyrights

By Yinka Adegoke

2 hours, 48 minutes ago

NEW YORK (Reuters) - Universal Music Group, the world's largest music company, said on Friday it filed a lawsuit against popular social networking site MySpace for infringing copyrights of thousands of its artists' works.

Universal, owned by French media giant Vivendi (VIV.PA), filed the suit at the U.S. District Court Central District of California, Western Division.

The lawsuit accuses MySpace of allowing users to upload videos illegally and taking part in the infringement by re-formatting the videos to be played back or sent to others.

It follows several months of talks on music rights with News Corp.'s (NYSE:NWS - news) MySpace, which broke down late on Thursday, a source familiar with the discussions said.

It claims thousands of links to music from Universal's biggest artists, including Jay-Z and Gwen Stefani, are widely available on MySpace, even ahead of their release to music stores. It estimated maximum statutory damages for each copyrighted work at $150,000.

Earlier on Friday, MySpace unveiled an enhanced copyright protection tool to make it easier for content owners to remove unauthorized material.

MySpace later described Universal's action as "meritless litigation," saying in a statement its procedures for removing illegal downloads lived up to laws protecting digital rights.

Protecting copyrighted material is one of the biggest challenges facing entertainment companies as they try to turn a profit off the growth of digital media outlets.

Music and TV companies have been in dispute with sites like MySpace and YouTube in the last year because of the ease with which their millions of users can upload and
share songs and videos without having to pay.

"Businesses that seek to trade off on our content, and the hard work of our artists and songwriters, shouldn't be free to do so without permission and without fairly compensating the content creators," Universal Music said in a statement.

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In the case of YouTube, now owned by Google Inc. (Nasdaq:GOOG - news), Universal Music reached a licensing agreement to give the site and its users access to thousands of music videos.

Other entertainment companies have been reluctant to take legal action against the likes of YouTube and MySpace because of the potential promotional exposure such sites may give to their artists. MySpace says it has more than 130 million users.

News of Universal's suit comes a day after News Corp. said Ross Levinsohn, the executive who led the $580-million acquisition of MySpace, had resigned from the company.

Universal Music Chief Executive Doug Morris had publicly hinted that his company could take legal action against MySpace and YouTube back in September. He said at the time that the two sites combined owed his company "tens of millions of dollars."

But the threat of legal action seemed less likely after Universal and other major record companies including Warner Music Group (NYSE:WMG - news) and Sony BMG Music signed separate music video agreements with YouTube.

Last month Universal Music sued two smaller video sharing sites, Sony Pictures Entertainment's (6758.T) Grouper and independent site Bolt.com.
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