Apple's Jobs calls on music industry to drop DRM

By Yinka Adegoke and Duncan Martell
47 minutes ago

NEW YORK/SAN FRANCISCO (Reuters) - Apple Inc. Chief Executive Steve Jobs on Tuesday called on the four major record companies to start selling songs online without copy protection software known as digital rights management (DRM).

Jobs said there appeared to be no benefit to the record companies to continue to sell more than 90 percent of their music without DRM on compact discs while selling the remaining small percentage of their music encumbered with a DRM system.

"If such requirements were removed, the music industry might experience an influx of new companies willing to invest in innovative new stores and players. This can only be seen as a positive by the music companies," he said in a statement posted to his company's Web site.

Apple has been under pressure in Europe to make iTunes music compatible with players other than the iPod. On January 25 Norway's consumer ombudsman said Apple must open access to iTunes by October 1 or face legal action.

"Perhaps those unhappy with the current situation should redirect their energies toward persuading the music companies to sell their music DRM-free," said Jobs about the European action.

Apple's iTunes Music Store is currently the world's largest digital music outlet, having sold around 2 billion songs since its launch in 2003. It has more than 70 percent market share of all digital music sales in the United States.

The songs sold on the service are protected by Apple's proprietary FairPlay software, which prevents users from making multiple copies for distribution. The software only works with Apple's iTunes software and iPod digital media players.

Jobs said Apple had concluded that if it licenses FairPlay to other companies it could no
longer guarantee to protect the music it licenses from the major record companies.

Apple is due to reopen talks with the four majors in early March to discuss terms of their relationships with the iTunes Music Store, according to a source familiar with the discussions.

The four majors -- Vivendi's Universal Music Group; Sony BMG Music Entertainment, which is owned by Sony Corp (NYSE:SNE - news). and Bertelsmann (BERT.UL); EMI Group; and Warner Music Group -- all negotiated one-year extensions with Apple last year, according to the source.

Music industry watchers, particularly at independent music companies, have intensified calls in recent months for the majors to sell their music without copy protection.

"Apple's alternative is the only way we're going to get complete interoperability," said Tim Bajarin, president of Creative Technologies, a Silicon Valley consulting firm.