EMI mulls unprotected Web song sales: sources

By Sue Zeidler
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LOS ANGELES (Reuters) - Music label EMI Group is in talks to release a large portion of its music catalog for Web sales without technological protections against piracy that are included in most music bought over the Internet now, sources said on Thursday.

Apple Inc. CEO Steve Jobs called this week for record companies to drop anti-piracy measures. That would dramatically change the way digital music is sold over the Web, making it much easier for consumers to move songs between devices -- and between people. The question is whether sales would rise because of easier use or fall as piracy increased.

One source familiar with the matter said that EMI was in talks to release a large amount of its music in an unprotected MP3 format to various online retailers.

Another industry source said EMI was seeking large advance payments from retailers in return for the right to sell its music in this format.

The second industry source also said EMI was in talks with Snocap, a company founded by Napster creator Shawn Fanning, to release music in MP3 format on News Corp's popular MySpace social networking site.

An EMI spokeswoman said the company does not comment on speculation. A spokesman for MySpace declined comment. A SnoCap spokeswoman said there was "no deal" but declined comment on any specific talks. "Snocap has a great relationship with all the major labels and talks with them frequently," she said in a statement.

The spokeswoman for EMI did note, however, that EMI has already been experimenting with MP3 formats and has released singles from popular stars like Norah Jones and Lily Allen in that format.

"The results have been positive," the EMI spokeswoman said, adding, "lack of operability between a proliferating range of devices and hardware and the digital..."
platforms for delivering music is more and more becoming an issue for music consumers and EMI has been engaging with our various partners to find a solution."

Jobs said there appeared to be no benefit for the record companies in continuing to sell more than 90 percent of their music without digital rights management on compact discs, while selling the remaining small percentage of their music encumbered with a digital rights management system.

Apple also 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.