Yahoo, Gracenote launch lyrics service

Los Angeles (Reuters) - Yahoo Inc. (Nasdaq: YHOO - News) and digital media company Gracenote launched an online lyrics service on Tuesday, the first industry-backed effort in a market dominated by unauthorized, rogue Web sites.

Song lyrics are among the top searches performed on the Web, but consumers have largely relied on unlicensed sources that often provide inaccurate and incomplete lyrics and do not compensate composers for their work.

"Finally, a free, legal and definitive way to settle a bet with the guy sitting next to you at the bar who is certain the Ramones' most famous anthem declares, 'I wanna piece of bacon,'" said Ian Rogers, general manager of Yahoo! Music, which will offer lyrics to hundreds of thousands of songs.

The Yahoo deal follows an agreement last summer between music publishers and Gracenote, giving Gracenote the rights to lyrics 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.

Terms of the Yahoo deal were not disclosed but officials said it was a variable revenue-sharing agreement based on advertising.

Gracenote Chief Executive Craig Palmer said licensing lyrics should boost worldwide music publishing revenues, estimated at about $4 billion annually, with the words to songs ultimately providing as much as $100 million in annual revenues in about 10 years as the market expands with new opportunities like online subscriptions, downloads and automotive distribution deals.

The deal caps months of discussions between Yahoo and Gracenote, which said it was also talking with various other music partners, like Apple Inc.’s iTunes.
"We wouldn't be in the business to launch just one service, so stay tuned," said Palmer. He said publishers embraced his company's plan to create a lyrics database because they felt lyrics were an untapped resource at a time when consumers were increasingly getting them through the various rogue sites.

Ralph Peer, chief executive officer of music publishing firm, peermusic, told Reuters last week that unlicensed Web sites have been a major issue. "We think we can build a really healthy business for lyrics and I think publishers stand to gain quite significantly from this new revenue stream," Rogers said. "With the popularity of lyrics on the Internet, advertisers want to be there. This is definitely a selling point," said Rogers.