Apple seeks to unchain melodies

Labels would remove restrictions on copying digital songs under a proposal by Steve Jobs.

By Michelle Quinn, Alana Semuels and Dawn C. Chmielewski, Times Staff Writers
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SAN FRANCISCO — Apple Inc. Chief Executive Steve Jobs endorsed a radical proposal Tuesday: to do away with the restrictions over what people can do with the music they buy online.

The plan could allow music fans to buy songs from Apple and play them on rivals’ music players, or vice versa — something they often can’t do now because of electronic locks imposed by the recording industry.

The record labels have long resisted this move. No one knows whether the elimination of copying protections that Jobs recommended would boost the industry or let customers do more with their music purchases or open record labels to the kind of rampant piracy that plagued them earlier in the decade.

The labels had little to say about Jobs’ proposal, which he issued in a 1,900-word essay posted on Apple’s website. But the music industry’s former top lobbyist suggested that the labels may have to give up control to keep music customers happy.

"For the labels, it feels like jumping off a cliff," said Hilary Rosen, former head of the Recording Industry Assn. of America, the U.S. recording industry’s trade group. "But at this point they have little choice because this is where the market is going."

As the man whose company’s iPod became the cornerstone of digital music, Jobs has tremendous clout. But Apple, too, would be taking a risk by promoting such unfeathered commerce. The company has become the dominant force in online music partly by tying its online store with its devices, so songs purchased at some iTunes rivals won’t play on any of the 90 million iPods that Apple has sold.

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Jobs said anti-piracy protections were restricting customers’ ability to do what they want with the music they buy but weren’t stopping determined pirates from illegally swapping songs.

Eliminating such restrictions "is clearly the best alternative for consumers, and Apple would embrace it in a heartbeat," he said.

The letter from Jobs was a challenge to Universal Music Group, Sony BMG Music Entertainment, Warner Music Group and EMI Group — the four Apple partners that together control more than 70% of the world’s music.

"This is good for the consumer and it’s ultimately good for everyone," said Aram Sinnreich, a managing partner at Radar Research in Los Angeles. "It’s been one major stumbling block in the transition of the digital economy into the 21st century."

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Some record labels countered that they have been working to give consumers more freedom to use music as they like while protecting the rights of artists.

"The lack of operability between a lot of different devices and digital platforms is becoming more and more of an issue for music consumers," EMI spokeswoman Jeanne Meyer said. "We’ve been out there engaging with various partners to come up with a solution. The consumer response has been enthusiastic."

But the Jobs manifesto also helps Apple deflect the persistent criticism that the digital songs, TV shows and movies it sells won’t play on rival devices. As Apple widens its lead over other digital music companies, European regulators are pressuring the company to share its anti-piracy software with competitors or else face restrictions selling in their countries.

Rivals, including Microsoft Corp. and Sony Corp., also force customers to use their devices or those of partners to play music purchased through their online stores. But
Apple's dominance makes it the biggest target of critics.

Apple customers have argued that such digital fiefdoms don't make sense in an age when many people already transfer music to computers and devices from compact discs, which have no anti-piracy software. They also grumble that the anti-piracy software hammers them with restrictions on how many computers and devices they can play music on, and how many times they can copy it.

Why, they wonder, should music purchased online be less flexible than music on CDs?

"In the real world, when you buy a CD, it's yours — you do what you want," said Matt Graves, a spokesman for RealNetworks Inc., the Seattle company behind the Rhapsody online music store. "These restrictions hurt people who are trying to do the right thing."

With existing hurdles gone, music fans could buy songs from Sony's Connect service, for example, and then listen to them on the iPod, or play songs purchased from iTunes on Microsoft's Zune device.

The lifting of restrictions could lure people who had been turned off by the limitations to buy more digital music. But the move would require a great leap of faith by an industry that only a few years ago relied on lawsuits to stop people from illegally sharing music online and companies such as Napster from offering software that promoted piracy.

"The picture he paints in his letter is a vision that is commonly shared in the music industry," said Jason Reindorp, a Microsoft marketing director, referring to Jobs. "It's a balance issue. It's balancing what the consumer wants compared to what the labels and artists need."

Music and technology industry insiders were puzzled by the timing of Jobs' letter. Some believed that it was designed to coincide with Grammy week, when the world's attention turns to the music industry. Others suggested Jobs could be seeking leverage as he opens negotiations to renew record-label contracts for iTunes.

In his letter, Jobs said Apple had considered licensing its anti-piracy technology, called FairPlay, to competing companies but dismissed the idea as unrealistic, saying the secrets to unlocking the anti-copying keys would inevitably leak as they fell into more hands.

The recording industry's trade group latched onto that portion of Jobs' letter. Some believed that it was designed to coincide with Grammy week, when the world's attention turns to the music industry. Others suggested Jobs could be seeking leverage as he opens negotiations to renew record-label contracts for iTunes.

"Apple's offer to license FairPlay to other technology companies is a welcome breakthrough and would be a real victory for fans, artists and labels," the Washington-based group said in a statement. "There have been many services seeking a license to the Apple [software]. This would enable the interoperability that we have been urging for a very long time."

Analysts said Jobs' letter demonstrated his confidence that iPods would still fly off shelves, whether they were filled with music from iTunes or other services. According to Apple's research, Jobs said, only 22 of the 1,000 songs held by the average iPod were purchased through iTunes and protected by anti-copying software.

Although music bought through some rival music stores won't play on the iPod, many free song downloads and those that are transferred from CDs will.

"It's hard to believe that just 3% of the music on the average iPod is enough to lock users into buying only iPods in the future," Jobs wrote. "And since 97% of the music on the average iPod was not purchased from the iTunes store, iPod users are clearly not locked into the iTunes store to acquire their music."

He also noted that digital music protected by anti-copying software made up only 10% of the 20 billion songs bought in 2006. The remaining 18 billion, he said, were on CDs — which can be easily copied to computers, then uploaded to the Internet.

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