

YouTube blocks premium music videos in Britain

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YouTube on Monday said it is blocking certain copyrighted music videos in Britain until it overcomes an impasse in a licensing deal with the Performing Rights Society for Music (PRS).

"This was a painful decision, and we know the significant disappointment it will cause within the United Kingdom," <u>YouTube</u> director of video partnerships Patrick Walker said in a posting at the popular video-sharing website.

"Our previous license from PRS for <u>Music</u> has expired, and we've been unable so far to come to an agreement to renew it on terms that are



economically sustainable for us."

PRS for Music responded by saying it is "outraged" by the decision to block videos at Google-owned YouTube and urged reconsideration of the move "as a matter of urgency."

"We were shocked and disappointed to receive a call late this afternoon informing us of Google's drastic action which we believe only punishes British consumers and the <u>songwriters</u> whose interests we protect and represent," said PRS chief executive Steve Porter.

YouTube said it continues to negotiate with the PRS, but in the meantime will block premium <u>music videos</u> in Britain "supplied or claimed by record labels."

"Google has told us they are taking this step because they wish to pay significantly less than at present to the writers of the music on which their service relies, despite the massive increase in YouTube viewing," said PRS.

Walker countered that the amount of money demanded by PRS for licensing music is "many times" that in the expired 2007 agreement.

He said that the society wants YouTube to ink a new deal without telling the California firm which songs will be included in the license.

"That's like asking a consumer to buy a blank CD without knowing what musicians are on it," Walker wrote.

"The costs are simply prohibitive for us -- under PRS's proposed terms we would lose significant amounts of money with every playback," he added.



YouTube says its relationships with three of the world's four largest record labels remain solid and that it is working on new ways to compensate musicians and others that own songs.

PRS for Music acts as an agent for British songwriters, composers and music publishers by collecting royalties for performances of their works.

As of January, PRS for Music claimed 60,000 members and 180,000 licensees.

PRS members reportedly include Welsh soul singer Aimee Ann Duffy and English artists Estelle Fanta Swaray and Adele Adkins, both of whom won Grammy awards last month.

PRS reported that revenues for 2008 rose eight percent to a record high of 608 million pounds (901 million dollars) with credit for the surge going to broadcasting and online licensing.

While YouTube has yet to turn a profit, Google reported in January that it made a net profit of 382 million dollars for the final three months of 2008 despite a billion dollars vanishing in sinking investments.

Google's chief executive said while discussing the earnings that the firm is readying a way for owners of films, television shows and other "commercial video" that pops up on YouTube to add advertising, even if users of the website post content without permission.

"There are deals on their way," Schmidt replied when asked about barriers to making advertising money from video posted at YouTube.

The number of US Internet users watching videos at YouTube hit a new monthly high in January, topping 100 million as it dominated the online video arena, according to comScore.



Google-owned websites, predominantly YouTube, ranked at the top of the US online video heap with 6.4 billion snippets watched during the month, according to comScore.

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