

# China's Baidu, music labels launch online service

July 19 2011, By JOE McDONALD , AP Business Writer

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(AP) -- Baidu Inc., which operates China's most popular search engine, said Tuesday it will distribute music from three global labels in a deal that its partners say could help clean up China's piracy-plagued music market.

Music companies have sued Baidu twice over accusations it profited from unlicensed music copying by maintaining "deep links" on its search engine directly to sections of pirate websites.

The venture steps up Baidu's rivalry with [Google](#) Inc., which closed its China [search engine](#) last year but still operates a music download service in this country, which has 485 million Internet users.

Baidu said it will distribute music from One-Stop China - a joint venture between Universal Music, Warner Music and [Sony Music](#) - and pay them for the content. The downloads are available only to computers with Internet addresses in China.

Baidu and the [music companies](#) also agreed to end outstanding litigation between them.

China is seen as a major potential market for online music and video but legitimate suppliers have been hampered by rampant piracy.

In what the music companies see as a key part of their agreement, Baidu promised to eliminate "deep links" to pirate music sites, said Andrew

Chan, One-Stop China's chief representative.

"That means all traffic will be directed to legal links," he said.

Chan expressed hope the commitment by such a prominent [Chinese company](#) to legal music would cause other websites to stop using pirated copies.

"We believe many medium and small-size companies that have infringed our music rights for a long time will think they have to change," he said. "They will see their big brother, Baidu, is changing to be a legal music service provider."

In the [legal settlement](#), Baidu agreed to donate an undisclosed sum to the anti-piracy fund of a global music industry group, the International Federation of Phonographic Industries, according to the IFPI's Asia regional director, Leong May Seey.

Baidu had 75.9 percent of China's [search market](#) in the three months ending in June, while Google was in second place with 18.9 percent, according to Analysys International, a research firm in Beijing.

About 500,000 songs from the music companies' global, Mandarin and Cantonese catalogs will be made available through Baidu at the start and expect that to rise to 1 million titles as new releases are added, according to Chan.

A [Baidu](#) spokesman, Kaiser Kuo, said the company was not releasing revenue forecasts.

Chan said he expected One-Stop China's digital music revenues in China to double or triple in a short period, though he had no financial details. The venture was created in 2009 and has a separate agreement to

distribute music through China Unicom Ltd., one of China's three mobile phone carriers.

Baidu's music downloads will be free to users through its advertising-supported ting! platform. But Chan said the company also is looking at creating a pay section that will offer additional services.

**More information:** Baidu Inc.: <http://www.baidu.com>

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