

Google close to record company deals

November 15 2011, By Alex Pham

Google Inc., which plans to launch its long-rumored music store Wednesday, is still furiously working behind the scenes to get key music companies onboard with its plan to take on Apple Inc.'s iTunes and challenge numerous competing digital music services.

After more than a year of negotiations, the [Silicon Valley](#) search giant is on the verge of signing a deal with [Universal Music Group](#), the world's largest record company.

The deal would allow Google to sell digital downloads of Universal's vast catalog of [music](#) and offer a licensed cloud service that lets users tap into their collections of Universal recording artists from any Web browser, said people close to the talks who declined to be named citing the confidentiality of the discussions.

Google has already "locked up" a deal with EMI Group, according to a [Wall Street Journal](#) report. Last week, Universal struck a \$1.9 billion deal to acquire the recorded music of EMI.

In addition, the Mountain View, Calif., technology company has reached an agreement with Merlin Network, an organization that represents 18,000 musicians through independent labels worldwide including Beggars Group, Merge, Epitaph and Warp Records, said people familiar with Google's planned Wednesday announcement who requested anonymity because of the confidentiality of negotiations.

EMI, Universal, Sony, Merlin and Warner all declined to comment.

It's uncertain whether Google would be able to sign deals with the No. 2 and No. 3 music giants, [Warner Music Group](#) and [Sony Music Entertainment](#), before its music store unveiling event, set for Wednesday afternoon at Mr. Brainwash's Studio, the La Brea Avenue compound operated by street artist Thierry Guetta, who calls himself Mr. Brainwash and was the centerpiece of the 2010 documentary "Exit Through The Gift Shop." Musical luminaries scheduled to attend include Drake, Busta Rhymes and Maroon 5.

Roadblocks to Google's negotiations with [music companies](#) have revolved around copyright infringement. Record companies, for example, have pressured Google to exclude from its search results websites that could be trafficking in pirated music. But Google has resisted, on the grounds that editing out websites could send its search engine down a slippery slope of censorship.

Another set of issues is financial. Some record companies have asked for advance payments from Google, said executives involved in the negotiations. The record companies may be concerned that Google, whose primary revenue comes from Internet search and video advertising, has had limited success in getting consumers to pull out their wallets.

A more intractable point of friction, however, concerns Google's online "cloud" service, Google Music Beta, which the company launched in May without licenses from major record companies. The service lets users access their music collections from any Web browser. At issue is a desire by some record executives to have Google charge its users for the service. Google's free service contrasts with a similar offering from Apple, which charges users \$25 a year.

Throughout the touch-and-go negotiations, Google has demonstrated a willingness to forge ahead, with or without the major music companies.

In September, for example, Google launched Magnifier, a music blog that gives away digital songs from independent bands to [Google](#) Music Beta users.

The company may do the same Wednesday, and open its new store without all the licenses.

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