

US states probe music labels for streaming collusion

June 10 2015



A woman uses the iPhone application of Swedish music streaming service Spotify on March 7, 2013 in Stockholm, Sweden

Prosecutors in two US states are investigating whether major music labels have colluded to prevent competition in the booming area of music streaming, one of the companies has revealed.

The probe, which appears to be in its early stages, comes as tech giant

Apple entered the streaming battle with the launch of an updated service to compete with leader Spotify and other rivals.

A lawyer for Universal Music Group—the largest of the three major music label conglomerates—said that the attorneys general in New York and Connecticut "are jointly conducting an investigation of the music streaming industry."

"We understand that the investigation concerns whether participants in the [music industry](#) are seeking to act collusively to restrain competition among music streaming services, in particular, by working together to suppress the availability to consumers of free, advertising-supported, on-demand music streaming or similar services, such as those offered by Spotify and YouTube," said the letter, released Tuesday by the New York attorney general's office.

The lawyer, D. Bruce Hoffman, denied that Universal had reached any deals with the two other label groups—Sony Music and Warner Music—or with Apple to inhibit free streaming services or to stop licensing content to particular companies.

But the letter said that Universal reserved the right to provide exclusives through [streaming services](#).

Apple, which unveiled its streaming platform on Monday, has not commented on its relationship with the major labels but several news reports said that the company that revolutionized digital music through iTunes was in tough, last-minute negotiations on the terms of service.

A number of music executives and artists, most notably Taylor Swift, have criticized Spotify for offering a free, advertising-backed tier to listeners who do not pay for a subscription—which costs \$9.99 a month in the United States.

Spotify nonetheless pays labels for their content and has rapidly expanded.

The Swedish company said Wednesday that its base had nearly doubled from a year ago and that it now has 75 million active users, with 20 million of them paying subscribers.

Spotify said it has paid \$3 billion in royalties since its launch in 2008. Some \$300 million was in the first three months of 2015, indicating strong growth of payouts as the company expands.

Spotify has a growing number of rivals including Deezer, Rhapsody, Google Play and Tidal, which is spearheaded by rap mogul Jay Z.

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