

Spotify reaches royalty deal with music publishers

March 17 2016, by Shaun Tandon



A Spotify logo is seen as founder and CEO Daniel Ek addresses a press conference in New York, December 11, 2013

Spotify, the leader in the booming streaming industry, on Thursday reached a settlement to improve royalty payments to US music publishers as the company faces potentially costly lawsuits.

The National Music Publishers' Association, which advocates on behalf of the US houses that hold songwriters' copyright, announced the deal which relates to songs whose authors have been difficult to identify.

Amid the rapid growth of streaming, which allows unlimited on-demand music, Spotify has endured criticism from artists including charges that the Swedish company has paid little attention to ensuring proper payment of royalties, which go both to performers and the often more anonymous songwriters.

Although songwriter credit on modern commercial music is easily obtained, the details are often missing or incorrect on the digital files for obscure or older songs.

Under the agreement, Spotify said it would put forward to publishers a pool of money it has stored for previous unmatched royalties and add to it a "large bonus compensation fund."

A joint statement did not specify the exact amount. A person familiar with the deal said on condition of anonymity that Spotify's existing pool was \$16 million and that it was adding another \$5 million.

Spotify and the [music publishers](#) would work to build a database that would provide more consistent matching of streamed songs to their writers.

"As we have said many times, we have always been committed to paying songwriters and publishers every penny," Spotify spokesman Jonathan Prince said in the statement.

David Israelite, the president of the publishers' association, pledged to keep pushing "digital services to properly pay for the musical works that fuel their businesses.

"After much work together, we have found a way for Spotify to quickly get royalties to the right people," he said.

Individual publishers, which range from major players to small artist-run imprints, will have to choose whether to enter the deal or to seek to join one of the lawsuits.

Under the agreement, Spotify will send a royalty check for all songs it cannot match back to the group of publishers—but only those that take part in the deal.

The joint statement didn't specify how the money would be divided among the publishers.

Spotify will keep paying normal royalties to publishers regardless of whether they agree to the settlement.

Songwriter Melissa Ferrick in January filed a \$200 million lawsuit that accused Spotify of a policy of "infringe now, apologize later" in its rush to put as many songs online as possible.

David Lowery, best known for leading the alternative rock bands Cracker and Camper Van Beethoven, filed a \$150 million lawsuit on slightly different legal grounds in December.

Both artists are asking a judge to set up a class action suit, in which thousands of songwriters could collectively seek damages.

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