



versus



WHAT YOU NEED TO KNOW ABOUT GLOBAL MUSIC RIGHTS AND THE RMLC'S LAWSUIT AGAINST IT

Kevin M. Goldberg

Phone: 703-812-0462

E-mail: goldberg@fhhlaw.com

Karyn K. Ablin

703-812-0443

ablin@fhhlaw.com

<http://www.fhhlaw.com>

<http://www.commlawblog.com>

[@commlawblog](https://www.commlawblog.com)

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What We Will Cover

1. **Who** is GMR and **what** does it license?
2. **Why** did the RMLC sue GMR?
3. **When** and **where** was the litigation filed?
4. **What** does the RMLC claim in its suit?
5. **Why, when, and where** did GMR sue the RMLC?
6. **How** should I respond?
7. **What** happens next?

1. Who Is GMR?

Copyright Basics

Two Works in Every Recorded Song: Ex.: “Yesterday”

1. Musical Work

Songwriter (Lennon and McCartney) Or Publishing Company (Sony/ATV)

2. Sound Recording

Featured Artist (e.g., Ray Charles) Or Record Label (ABC/Tangerine)

1. Who Is GMR?

Copyright Basics *(continued)*

**Multiple rights controlled
by copyright owner**

- 1. Publicly performing**
- 2. Making copies**
- 3. Distributing copies to the public**
- 4. Preparing derivative works**
- 5. Publicly displaying**

1. Who Is GMR? *(continued)*

GMR's Role in Music Licensing

	Musical Work	Sound Recording
Public Performance	GMR (and ASCAP/BMI/SESAC)	N/A
Copies	N/A	N/A

1. Who is GMR? *(continued)*

- **New kid on the block – founded in 2013 by Irving Azoff**
- **The “4th performing rights organization” (“PRO”) – similar to ASCAP, BMI, and SESAC**
- **Licenses public performances of musical compositions**
 - **Ability to play a song via your broadcast or webcast**
 - **Does NOT license songs for inclusion in commercials**



1. Who is GMR? *(continued)*

- **Privately held, for profit (similar to SESAC but different from ASCAP or BMI)**
- **Goal: Extract much higher music license fees than those charged by ASCAP, BMI, SESAC**
- **Small but select number of members representing high-value compositions (70 clients and 26,000 works)**

1. Who is GMR? *(continued)*

Comparison of the 4 PROs

(estimates)	ASCAP	BMI	SESAC	GMR
# of composers (est)	600,000+	750,000+	30,000+	70+
# of compositions (est)	10,000,000+	12,000,000	400,000+	26,000+

“GMR’s repertory is unique in that it focuses solely on premium content, allowing GMR to tailor its business model”

1. Who Is GMR? *(continued)*

- Bruno M
- Tayl
- Bla
- Pha
- Bruce n!



2. Why Did the RMLC Sue GMR?

Need for a GMR License

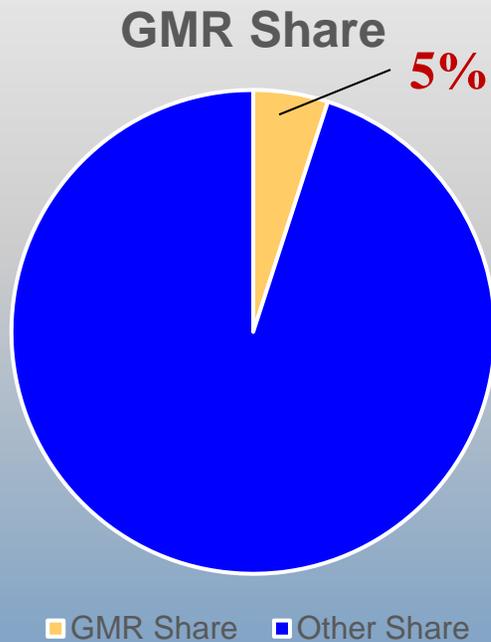
-  **Radio Music License Committee** negotiates licenses with the PROs for radio broadcasters.
 - The NRBMLC also does this.
- Certain songs that have moved from ASCAP/BMI to GMR are covered by the current RMLC-ASCAP/BMI licenses.
- Those licenses expire on 12/31/2016.
- As of January 1, 2017, radio stations will need a license from GMR to perform those songs.

2. Why Did the RMLC Sue GMR? *(continued)*

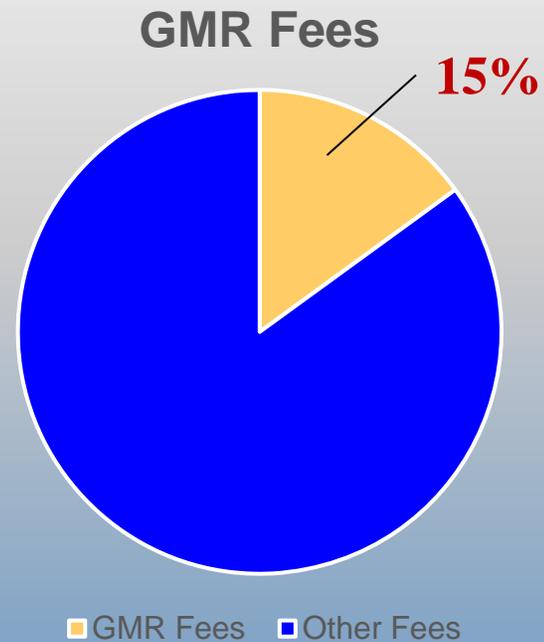
RMLC-GMR Negotiations

- **GMR proposed license fees for 2017-2019.**
- **No input from the RMLC – offered on “take it or leave it” basis.**
- **Fees allegedly are 2-3 times higher than GMR’s share of radio performances.**

2. Why Did the RMLC Sue GMR? *(continued)*



RMLC: 5-7.5% weighted shared of radio performances



GMR: Music more valuable and deserves a bonus

3. When and Where Was the Litigation Filed?

- **November 18, 2016**



- **Eastern District of Pennsylvania**
- **Same court and same judge who handled *RMLC v. SESAC* (2012-2015) involving similar claims**
- **Strategic court choice by the RMLC; GMR intends to fight venue**

4. What Does the RMLC Claim in Its Suit?

- **Sherman Act antitrust violations**
- **“Demand[ing] outrageous fees that are grossly disproportional to the underlying share of works in its repertory”**
- **Demanding increases for 2018-2019 regardless of changes in GMR’s repertory**

4. What Does the RMLC Claim in Its Suit? *(continued)*

- **“Offering no alternative other than a full blanket license with no fee reductions for directly licensed works”**
 - Direct licenses won’t reduce fees
 - Removing GMR music from some programming won’t reduce fees
- **Providing no transparency regarding repertory**
 - Hard to assess value of license
 - Hard to assess need for license

4. What Does the RMLC Claim in Its Suit? *(continued)*

Requested Relief

GMR should:

- 1. Grant immediate licenses upon request while fees are negotiated**
- 2. Submit to a judicial rate-making procedure like ASCAP and BMI rate courts**
- 3. Offer alternatives to blanket licenses, such as per-program licenses and blanket licenses with carve-outs**
- 4. Offer only “full-work licenses” rather than fractional licenses**

5. Why, When, and Where Did GMR Sue the RMLC?

GMR Strikes Back

- **December 6, 2016**



- **C.D. Cal.**

- **Federal and state antitrust claims; California unfair competition claim**
- **RMLC = illegal cartel (90% of U.S. radio), which prevents GMR from negotiating with stations**
- **Lawsuit *not* retaliatory but due to the RMLC's allegedly illegal conduct, including price fixing, information sharing, and threats of group boycotting**

5. Why, When, and Where Did GMR Sue the RMLC? *(continued)*

GMR's Claims

- **RMLC never intended to negotiate in good faith.**
- **Efforts to negotiate with member stations directly have failed, with two exceptions.**
- **“In a multi-billion dollar industry that relies on music for its lifeblood, terrestrial music radio stations pay less than 4% of their revenues—an infinitesimal percentage—to the songwriters who create that music.”**

5. Why, When, and Where Did GMR Sue the RMLC? *(continued)*

Requested Relief

- **Enjoin the RMLC and its co-conspirators from entering into or enforcing agreements that unreasonably restrict competition for copyright licenses**
- **Award damages, including treble damages and punitive damages**

5. Why, When, and Where Did GMR Sue the RMLC? *(continued)*

Statements from Irving Azoff (GMR Founder)

- **“The most important fight I’ve had in my professional career.”**
- **“I’m on the right side of this fight.”**
- **“Somebody should have brought an anti-trust lawsuit long, long ago.”**

5. Why, When, and Where Did GMR Sue the RMLC? *(continued)*

RMLC Response

- **“The RMLC will not roll over in the face of the baseless, bullying lawsuit filed ... by Global Music Rights.”**
- **“GMR’s lawsuit is an obvious ploy designed to pressure the RMLC in response to the antitrust suit the RMLC filed against GMR”**
- **“GMR’s claim that the RMLC is a cartel is frivolous and offensive; GMR apparently seeks to force all PROs to negotiate separately with more than 10,000 radio stations – a ridiculously inefficient proposal.”**
- **“The RMLC looks forward to defeating GMR’s claims in court.”**

6. How Should I Respond?

1. **Rely on the RMLC (reduced fees, injunction, interim license).**
2. **Pay GMR the fees it demands.**
3. **Seek to avoid playing GMR compositions.**
4. **Continue playing GMR compositions and risk infringement claims – *NOT recommended!***

6. How Should I Respond? *(continued)*

Rely on the RMLC
(likely to be favored by most stations)

- **Injunction**
- **GMR agreement not to sue**
- **Interim license fees subject to final fee “true up”**
- **Reduced license fees**

6. How Should I Respond? *(continued)*

Pay the license fees that GMR has demanded

- **Not recommended by the RMLC**
- **Agreeing to GMR's fees may hurt the RMLC's effort to obtain lower fees.**
 - **GMR likely to use such agreements as marketplace precedent**
- **Locking in now may bar stations from benefiting from any later RMLC fee reductions during license term.**

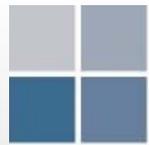
6. How Should I Respond? *(continued)*

Attempt to avoid playing GMR music

- **Hard to identify GMR's repertory**
- **Only provides a "snapshot"**
- **Only one slip-up could be expensive**
- **Hard to control music in content created by others – *i.e.*, syndicated programming and certain commercials**

7. What Happens Next?

- **Court will rule on the RMLC's injunction request.**
- **Telephone conference set for Dec. 16.**
- **We anticipate that the RMLC will provide further information regarding its lawsuit before the end of the year.**
- **We will follow any developments closely.**



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Questions?

Kevin M. Goldberg

Phone: 703-812-0462

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