



Virginia Association of Broadcasters Legal Review



Brooks, Pierce, McLendon, Humphrey &
Leonard, LLP
Counsel to VAB • (919) 839-0300

250 West Main Street, Suite 100
Charlottesville, VA 22902 • (434)
977-3716

August 18, 2017

Legal Memorandum

Music Licensing Alert: Global Music Rights Offers Radio Stations Extension of Interim License

Performing rights organization Global Music Rights (“GMR”) is offering radio stations the option to extend their interim licenses through March of 2018. The extension, however, is not automatic. Broadcasters wishing to extend their license must take action.

As we have previously reported, back in December 2016, GMR offered a 9-month interim license to radio stations pending the resolution of antitrust litigation filed against GMR by the Radio Music License Committee (“RMLC”). Those interim licenses **expire** on September 30, 2017.

The RMLC and GMR antitrust litigation is ongoing, and GMR is now offering to extend the interim licenses for an additional 6-month period—from October 1, 2017 through March 31, 2018. The extension GMR is offering is on the same terms as the initial interim license. There should be no change in your station’s license fee for the extended period.

To reiterate, the extension is not automatic. You must take action in order to extend the interim license for your station. You will need to obtain and sign a new agreement with GMR.

We are aware of certain instances where GMR has already reached out to stations by email and attached a PDF version of the station’s specific GMR interim license extension agreement. If your station has not yet received such a GMR license extension agreement, you should contact GMR directly at: radiolicensing@globalmusicrights.com.

The extension agreement must be signed and returned by September 30, 2017, and the first monthly payment under the extended interim license is due no later than October 31, 2017.

As a refresher, GMR is a relatively new performing rights organization (“PRO”) that was formed in 2013 and headed by music industry icon Irvin Azoff, the former executive chairman of Live Nation and personal manager of notable artists including the Eagles, Maroon 5, Bon Jovi, Journey, and Van Halen. GMR is now the fourth performing rights organization operating in the United States—the others are ASCAP, BMI, and SESAC. Performing rights organizations grant licenses to broadcasters and other users of music (such as restaurants, bars, and retail establishments) for the right to perform music written by affiliated songwriters and publishers. In recent years, GMR has lured songwriters away from ASCAP, BMI, and SESAC by promising to pay them more royalties than those other PROs. GMR’s repertory includes an estimated 20,000 essential songs, including songs written or performed by Adele, Aerosmith, the Beatles, Bruno Mars, Jay-Z, Madonna, Pharrell Williams, Ryan Tedder, Steve Miller Band, Taylor Swift, Tom Petty & The Heartbreakers, and U2, among many others.

Most broadcast stations simply cannot avoid playing songs in GMR’s repertory. Absent a license to perform these songs, stations risk copyright infringement—for which statutory damages could be up to \$150,000 per song.

Here’s a summary of the key provisions of GMR’s interim license, which continue to be offered under the extension agreement through March 31, 2018:

- The interim license is on a “non-precedential basis,” meaning that your station and GMR each retain the right to seek a retroactive fee adjustment in future license agreements or as a result of the pending RMLC—GMR litigation.
- The interim license covers terrestrial, non-interactive digital simulcasts, and promotional websites owned by your station.
- The license fee is payable on a monthly basis, without monthly invoices from GMR. Fees are due on or before the end of each month during the term (e.g., on or before October 31, 2017; November 30, 2017, etc.).
- GMR is required to provide your station with a full and complete list of all songs owned or controlled by GMR, along with all ownership splits.
- Your station must provide substantially the same reporting data to GMR that it provides to ASCAP, BMI, and SESAC from time to time.
- The terms of the interim license—in particular, your specific license fee and GMR’s non-public client and song list—must be kept confidential.

Again, if your station has not already received its specific interim license extension agreement from GMR, you need to contact GMR directly.

You should continue to evaluate this new music licensing challenge and the risk of potential copyright infringement with your legal counsel. Whether, and when, to enter into a license agreement with GMR, or to extend your current GMR license, will depend on the unique

circumstances of your station and your risk tolerance, as well as future developments in the RMLC—GMR litigation.

If you have any questions concerning the information discussed in this memorandum, please contact your communications counsel or any of the undersigned.

Stephen Hartzell, Editor

BROOKS, PIERCE, McLENDON,
HUMPHREY & LEONARD, L.L.P.

Wade H. Hargrove
Mark J. Prak
Marcus W. Trathen
David Kushner
Coe W. Ramsey
Charles E. Coble
Charles F. Marshall
Stephen Hartzell
Julia C. Ambrose
Elizabeth E. Spainhour
J. Benjamin Davis
Timothy G. Nelson

This Legal Review should in no way be construed as legal advice or a legal opinion on any specific set of facts or circumstances. Therefore, you should consult with legal counsel concerning any specific set of facts or circumstances.

© 2017 Brooks, Pierce, McLendon, Humphrey & Leonard, L.L.P.