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EP Backs Collective Management of Online Music Rights

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The European Parliament (EP) passed a resolution on "collective cross-border management" of copyright for legitimate online music services. The EP criticized a 2005 EC recommendation, saying that, rather than a recommendation, the EC should have provided a framework directive, allowing the EP and member nations to discuss it. It was a "shame" the EC tried to bypass the EP with its initiative, UK MEP Diana Wallis (Liberal) said. She was echoed by **Hans-Peter Mayer** (EPP-ED, Germany) and Katalin Levai (PSE, Hungary).

The Parliament action didn't include concrete proposals, but said any action should keep the system of bilateral and reciprocal agreements between collecting societies. It also should ensure diversity (in line with the UNESCO document on cultural diversity), the Parliament said.

The resolution, not binding on the EC, suggested the Commission move via a directive, requiring Parliamentary and govt. approval, rather than via a recommendation, which the EC can impose unilaterally.

Parliament warned of negative effects from the EC action. "We do not support a big bang solution for competition between collecting societies," Levai said: "We favor keeping the existing system of reciprocal agreements between Collective Rights Managers (CRM)." The traditional system offered a "one-stop shop for users of copyrights," Levai said in a report, noting that users could get licenses for the worldwide repertoire for exploitation in their national territories. This system ensured that not only big rightsholders but also small ones and local authors were well represented on the market and could get a fair share of royalties collected.

The EC recommendation was "a clear signal for the major publishers to withdraw the so-called 'international repertoire' they control from the network of national collective rights management societies and place them in the hands of one or a very few large CRMs with an exclusive mandate to represent those rights across the EU," Levai said. This could lead to an anti-competitive situation, she said. Conservative MEP Klaus-Heiner Lehne said "we do not want to exchange 27 monopolies with a few oligopolies." Spanish Socialist Manuel Medina Ortega warned: "Big rightsholders could monopolize the market then and even influence the production."

Smaller collecting societies, smaller rightsholders and non-mainstream authors would have lost out under the EC plan, said a majority of Parliament. The Cultural Committee of Parliament said in a report that cultural diversity must not be endangered by the big bang competition model.

Comr. Vladimir Spidla justified the EC policy by citing recommendations from authors and other creators that the EC do something about a complex system that resulted in funds being collected but not reaching individuals.

The EC reaction is unclear. An EC spokesperson didn't answer queries on the Commission's next move. "The Commission perhaps will wait for results of an ongoing public consultation about changes in the market since 2005," said Cornelia Kutterer, Senior Legal Adviser with the Assn. of EU Consumer Organizations. The goal of increased competition, better access to online music and lower prices for consumers has not realized, she said. -- Monika Ermert

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