
Ringtone Compulsory License Rate 24 Cents as of March 2009

Following the publication of a recent Copyright Royalty Board ruling in the Federal Register on Monday, the royalty rate for ringtones under the section 115 compulsory license will be raised to 24 cents. Physical phonorecord and digital phonorecord deliveries will remain at the rate of 9.1 cents or 1.75 cents per minute of playing time or fraction thereof. Also, under the compulsory license statute, a late fee of 1.5% per month will go into effect for any payment received by the copyright owner after monthly accountings are due (on the 20th of the following month).

The decision also establishes rates and terms of royalty payments for interactive streams and limited downloads of musical works by subscription and nonsubscription digital music services in accordance with the provisions of the compulsory license. The ruling details the methodology used to determine these rates. Also, the rates are subject to minimum royalties and subscriber-based royalty floors for specific types of services.

The effective date of these changes will be March 1, 2009. Rates and terms for the section 115 license remain in effect until new rates and terms are set. The next Copyright Royalty Board proceeding to set rates and terms for the section 115 license will commence in 2011. However, Marybeth Peters, the Register of Copyrights, has also issued a written review of the decision, noting potential errors in the decision, including the Board's failure to refer novel questions of law to her office. Register Peters also questioned the finality of the ruling, which represents the second time in history that a United States government body other than Congress has established royalty rates to be paid for reproductions of musical works by copyright users.

Participants including groups such as the National Music Publishers' Association, Apple, AOL, RealNetworks, Napster, the Digital Media Association, Yahoo!, MTV Networks, the RIAA, will have 30 days to appeal the decision. The proceeding began in late 2006 and included live testimony from a wide variety of industry executives, songwriters, technologists, academics, and lobbyists.

MasurLaw is a venture, intellectual property and entertainment firm based in New York, NY. The firm joined MEF in 2008.

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