



Music Modernization Act (MMA): Bringing Songwriters' Royalties into the Digital Age

The MMA is the most significant update to music copyright law in a generation. This legislation will lead to improved rates for songwriters and will streamline digital music companies' ability to license music. In short, the bill creates a single licensing entity, paid for by digital music services, to issue blanket licenses for mechanical rights. It ensures no more money is lost to incomplete information, so that songwriters are paid what they are owed. It also improves the rate court process for BMI and ASCAP, as well as the rate standard for songwriters and publishers who go before the Copyright Royalty Board every five years.

CURRENT SYSTEM	NEW LEGISLATION
Mechanical royalty rates are set using an outdated four-part formula (801(b)), resulting in below-market rates.	Rates based on what a willing buyer and a willing seller would agree to reflect market negotiations.
Songwriters and music publishers pay commission to vendors who administer mechanical licenses.	Costs paid by digital services, eliminating commissions and resulting in higher payments to songwriters.
No requirement that songwriters receive royalties for unmatched works - sound recordings where ownership in the underlying musical work has not been identified.	Songwriters are entitled under law to receive at least 50% of all royalties for unmatched works.
No process to identify ownership of unmatched copyrighted works.	A clear process through which copyright owners can claim ownership of songs and receive royalties.
No transparency of ownership information for copyrighted works.	A free, public, searchable database of musical works with ownership information.
No right to audit the digital music providers' usage of music and royalty payments.	New licensing entity can audit digital services to ensure proper reporting and payment of royalties. Copyright owners will be able to audit the licensing entity to ensure that they are being paid accurately.
If a musical work is not on record in the Copyright Office, a digital service can use music without paying royalties by filing a notice with the Copyright Office. 45 million notices have been filed to date.	Digital services will obtain a blanket license from the entity for all musical compositions and will pay royalties on 100% of the music they use. New licensing entity will work to match sound recordings with musical compositions to ensure payments.
No songwriter involvement in mechanical licensing.	Self-published songwriters have two seats on the board of the licensing entity. Songwriters have four seats on an advisory committee overseeing the unclaimed royalty processes. Songwriters comprise half of a dispute resolution committee, which resolves disputes over ownership of musical works and distribution of royalties.
Rate Courts setting public performance royalties for musical works cannot consider all market evidence, including sound recording rates, which are negotiated in the free market.	Courts can now consider all market evidence, including sound recording royalties, when setting rates for public performances of musical works.
When ASCAP and BMI cannot negotiate performance royalties with licensees, they go in front of the same two rate court judges, who decide their royalty rates.	When ASCAP and BMI go to rate court, they can be assigned to any federal judge instead of being stuck with the same judge, to seek higher rates.