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European Commission Proposes Single Market Music Licensing**Intellectual Property Client Alert**

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The European Commission recently proposed new music licensing rules in an effort to increase the transparency and efficiency of music licensing across national borders. The proposed Directive comes as a result of digital technology that does not fit the old models of music licensing that were restricted by country.

Generally, collecting societies facilitate interactions between rightholders in the music industry and service providers, including online service providers, intending to use the rightholders' works. More specifically, collecting societies manage the licensing of copyright-protected music tracks for online use on behalf of composers and lyricists, and collect and redistribute royalties back to the rightholders. Collecting societies exist to facilitate transactions where individually negotiating licenses with individual rightholders would be impractical and cost-prohibitive.

Under the proposed Directive, collecting societies would need to comply with new European standards governing their activities. Key elements of the proposed Directive would include strengthened reporting obligations and rightholders' control over collecting societies' activities, and incentives for cross-border licensing for online uses in the European Union. Furthermore, collection societies would have less than a year to pay collected royalties to rightholders, and would be subject to annual transparency reports and Europe-wide standards for collecting societies.

Rightholders, collecting societies and online service providers should be aware of the requirements and implications under the proposed Directive.

Additional information on the proposed Directive can be found [here](#).

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