

Tamera H. Bennett, Esq.
132 West Main Street · Lewisville, Texas · 75057
www.createprotect.com
www.tbennettlaw.com

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With Pandora's [topping of 200 million users](#), surely they can develop a business model to increase their revenues instead of decreasing their payments to copyright owners. I am a fan and user of Pandora's services. Do I enjoy the ads that are inserted between songs on the "free" Pandora- no. But, I think most people enjoy Pandora enough that listening to a few ads can become the new normal to the free streaming radio experience. If you don't like ads, opt for a premium ad-free service.

The fastest growing area of consumer consumption of music is streaming. See [BBC News, "Streaming music revenues up 40% globally in 2012," Aug. 15, 2012.](#)

Revenues from music subscription services and streaming services collectively went from just 3% of total industry revenues in 2007 to 15% in 2012, totaling over \$1 billion for the year. Distributions for digital performance royalties from SoundExchange, which include payments to performers and copyright holders for webcasting, satellite radio, and other non-interactive digital music services, increased 58% to \$462 million in 2012.

[RIAA 2012 Year-End Shipment Statistics.](#)

Pandora and IHeartRadio are the two leading internet radio services in the US. According to reports by Triton Digital, in May 2012 Pandora held 74.2 percent of the daytime internet radio services to IHeartRadio's 13.6 percent. See Glenn Peoples, BILLBOARD, *The Next Digital Battleground*, Vol 124, No. 25, at p. 22. Because internet radio is not interactive, meaning the user cannot choose the track or artist they wish to hear, license fees for use of the sound recording are pre-determined and are paid by the internet radio stations to Sound Exchange as a digital performance royalty.

Pandora continues to lobby in support of the [Internet Radio Fairness Act](#), a bill that would change the standard by which the Copyright Royalty Board sets the statutory rate for the digital performance of sound recordings. In effect, Pandora wants to reduce payments to Sound Exchange which directly decreases royalties paid to artists, musicians, and sound recording copyright owners.

In [November 2012 Pandora sued ASCAP](#), the largest of three Performance Rights Organizations in the United States, to lower Pandora's rate for public performance royalties paid to music publishers and songwriters each time a song is streamed.

Internet radio and streaming services are clearly part of the future of the music business. Should copyright owners, artists and songwriters continue to see a decrease in royalties when these businesses thrive?

Tamera H. Bennett is an entertainment attorney and mediator located in the Dallas/Fort Worth, Texas metro area.