

# What you need to know about

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## **Music Modernization Act**

The Music Modernization Act (MMA) updates U.S. copyright law to make statutory licensing more fair for creators and more efficient for digital music providers (e.g., music streaming and downloading services).

The MMA is expected to benefit the many stakeholders across all aspects of the music marketplace, including songwriters, publishers, artists, record labels, music services, and the public at large.

### **Title I of the MMA, the Music Licensing Modernization Act**

- Creates a blanket licensing system for the “compulsory mechanical license,” which allows digital music providers to license musical works’ reproduction and distribution rights. This blanket licensing system replaces the previous song-by-song compulsory licensing system used for licensing interactive streams and digital downloads.
- Establishes a mechanical licensing collective or “MLC” to administer the blanket license, collect and pay royalties under that license, and maintain a publicly available music ownership database, so it knows who to pay.
  - If the MLC is unable to match the musical works to their copyright owners after a holding period, it is authorized to distribute the unclaimed royalties to copyright owners identified in its database, based on the relative market shares as reflected in usage reports. The first distribution of this unmatched money will take place no earlier than 2023.
  - The MLC is paid for by digital music providers and run by a board composed of mainly music publisher and songwriter representatives.

### Note that

- This new blanket license covers **only** musical works created by composers and lyricists, not sound recordings created by performers or producers.
- The compulsory licensing system for physical copies of musical works (e.g., CDs, vinyl) will remain unchanged.
- Direct licenses under the new system are still allowed. Digital music providers are **not required** to use the blanket license.

### **Other changes made by the MMA**

- **Title II** – Among other things, this law brings sound recordings created before February 15, 1972, which were previously not protected by federal law, partially into the federal copyright system.
- **Title III** – Among other things, this law allows music producers, mixers, or sound engineers to directly receive royalties for certain uses of sound recordings.



## The U.S. Copyright Office and the MMA

Since the MMA was passed in October 2018, the Copyright Office had been hard at work implementing the new law. In addition to carrying out an extensive public process to designate the MLC, the Office updated regulations to reflect updates to the law. For title II of the MMA—the Classics Protection and Access Act—the Office introduced new filing options, including for schedules of works and notices of contact information (March 2019) and notices of noncommercial use (April 2019).

The Office also issued new regulations governing the statutory blanket license under the MMA's title I, which address topics including notices of license, notices of nonblanket activity, usage reports and adjustments, information to be included in the MLC's database, database usability and interoperability considerations, and the handling of confidential information. The Office will keep an eye on how these regulations are working for all parties and make any adjustments, as it deems necessary.



## What you need to know about the new law and how to stay informed

The most important thing to know about the new blanket licensing system is that **copyright owners of musical works that are unmatched and unidentified in the MLC's ownership database will not be paid royalties under the blanket license.** Songwriters and publishers should make sure that information about their musical works are accurately entered into the MLC's database.

» To get more in-depth information about the MMA, including on all three titles of the Act, please visit [copyright.gov/music-modernization](https://copyright.gov/music-modernization).

