



CMU SPEED BRIEFING: MUSIC + AI – WHAT THE F*CK IS GOING ON RIGHT NOW?

**ON THE INPUT:
TRAINING DATA**

TRAINING GENERATIVE AI

- To generate new content, an AI model needs to be 'trained' on examples of existing content.
- This is an opportunity for the music industry.
- Though it also raises copyright questions.
- And a new licensing model is required in order to capitalise on this opportunity.

LEGAL QUESTIONS

if AI is trained using existing music –
does that need to be licensed?

the music industry is adamant that
AI companies must seek licences from
copyright owners to train AI models
with copyright protected works

LEGAL UNCERTAINTIES

COPYRIGHT
EXCEPTIONS?

"text + data mining exception"

FAIR USE?

under US copyright law



Many AI companies argue "yes"

The music industry insists "no"

LEGALITIES: EUROPEAN UNION



EU law has a TDM exception

But rights owners can opt-out

You need to formally 'reserve your rights'

This system has been widely criticised

LEGALITIES: UK



TDM exception for non-commercial only

EU-type system proposed by government

Strongly opposed by the music industry

The government is still consulting

LEGALITIES: US



Copyright Office says might be fair use

But almost certainly not in some cases

White House likely skews towards big tech

Though currently being tested in courts

LEGALITIES: US



Numerous cases – including music cases

Initial judgements involved book authors

Judges said AI training was fair use

BUT only if content legitimately sourced

LEGALITIES: US



Anthropic pirated millions of e-books

So decided to settle

Has agreed to a \$1.5 billion settlement

Merits of the deal still being assessed

WHO NEEDS TO CONSENT?

RIGHTS HOLDERS?

labels, societies, publishers

MUSIC MAKERS?

creators, performers, producers



Music-makers say they need to consent too

Not all rightsholders agree

ON THE OUTPUT: COPYRIGHT STATUS

COPYRIGHT STATUS OF AI-GENERATED WORKS

should AI-generated music
enjoy copyright protection?

There isn't
currently a clear
consensus on
this in the
music industry

UK copyright law
provides default
ownership rules
for computer-
generated works

US Copyright
Office says "no"
for AI-generated
but "yes" for
AI-assisted

**ON THE OUTPUT:
VOICE +
LIKENESS**

LEGAL QUESTIONS

if an artist's voice is cloned using AI
+ this "deep fake" vocal clone is used in
a human-produced or AI-produced track...

can the artist control the creation and/or distribution
of sound-a-like tracks of this kind beyond copyright?

can 'publicity rights' be used to protect a voice?

LEGAL UNCERTAINTIES



Can publicity or personality rights help?

These vary from country to country

And don't even exist in UK law

How can this protection be assured?

TRANSPARENCY

TRANSPARENCY OBLIGATIONS



Industry has also called for transparency

Probably transparency obligations in law

Transparency that AI has been used

Transparency on what training data is used

TRANSPARENCY OBLIGATIONS: EU AI ACT



European Union passed an AI Act

Copyright + transparency obligations

EC published code, guidelines + template

Widely criticised by the music industry

TRANSPARENCY OBLIGATIONS: UK



Campaign for transparency obligations in UK

Proposed in House Of Lords in Data Bill

Government had them removed

But promised to act in future AI legislation

**LOBBYING,
LITIGATION,
LICENSING**

LOBBYING + LEGAL STRATEGY



Industry needs to prevent licensing get-outs

Through test cases + clarifications of law

All copyright industries are united on this

But then: what is the licensing framework?

LICENSING CONSIDERATIONS



One-off fee or ongoing compensation?

Lump-sum or revenue share?

How is income allocated to specific tracks?

How is money shared between stakeholders?



CMU SPEED BRIEFING: **GET PLAYED, GET PAID –** **HOW MUSIC STREAMING** **REALLY WORKS**

**WHO DOES
THE DEAL?**

THE CORE MUSIC RIGHTS

RHYTHM

LYRICS

MELODY

SONGS



THE SONG RIGHTS
aka the publishing rights

PERFORMANCE

PRODUCTION

MASTERING

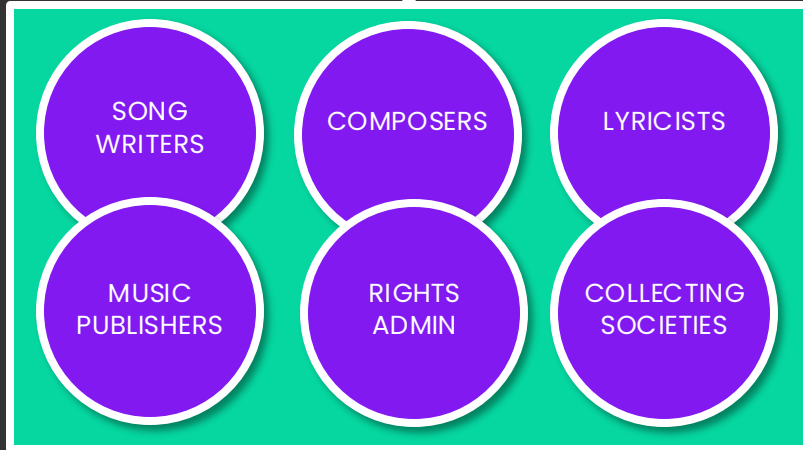
RECORDINGS

THE RECORDING RIGHTS
aka the master rights



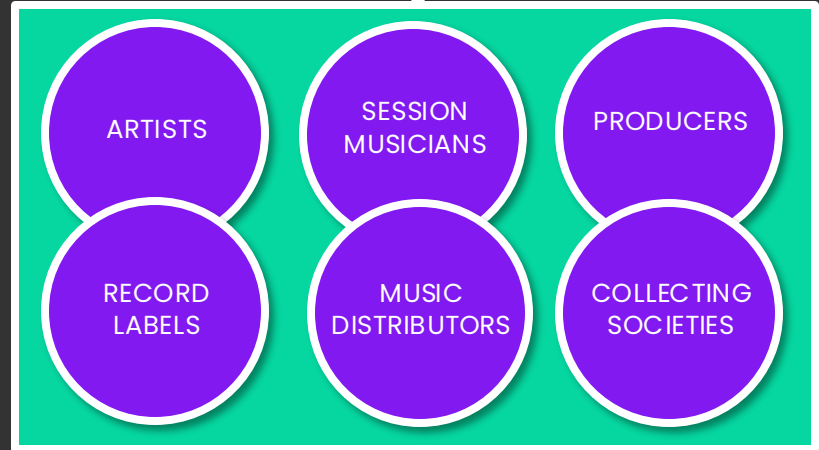
THE MUSIC RIGHTS INDUSTRIES

SONGS



MUSIC PUBLISHING SECTOR

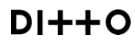
RECORDINGS



RECORD INDUSTRY

DIGITAL LICENSING

RECORDINGS

 UNIVERSAL	 WARNER MUSIC	 The Orchard	 ada
 SONY MUSIC	 believe.	 FUGA	 db.
 MERLIN	 DI++O	 iDOI	 EmuBands

licensed by labels + distributors



SONGS

 SONY MUSIC PUBLISHING	 impel	 SOCAN	 BMG
 UNIVERSAL	 THE MLC	 PRS for MUSIC	
 sacem	 imro	 Kobalt	 Ice

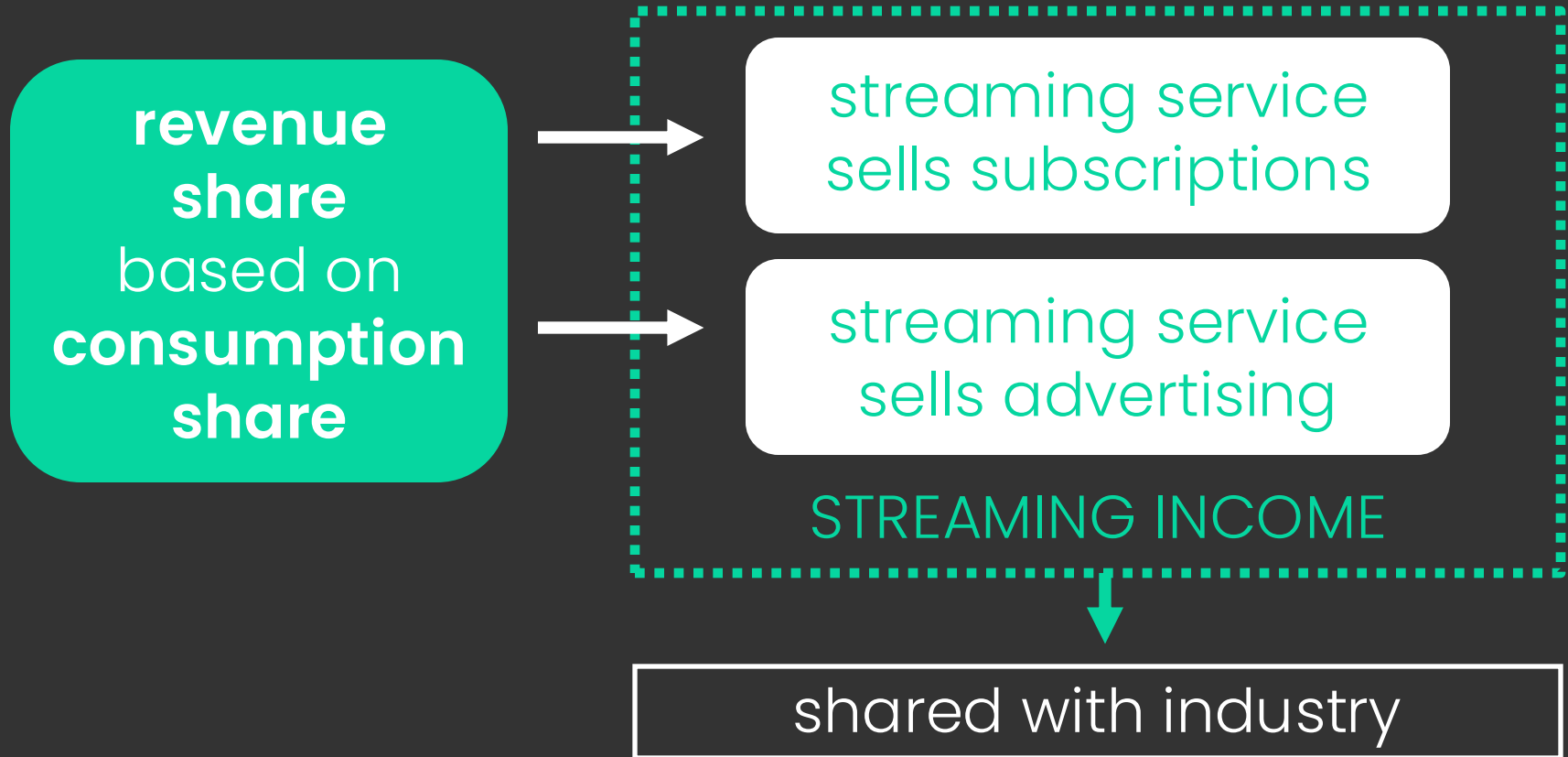
licensed by societies, publishers + hubs



THE STREAMING SERVICES

**WHAT IS
THE DEAL?**

THE STREAMING BUSINESS MODEL



HOW DOES IT WORK?

STEP ONE:
TRACK
ALLOCATION

STEP TWO:
REVENUE
SHARE

STEP THREE:
ARTIST
ROYALTY

STEP ONE: TRACK ALLOCATION



A play is counted at 30 seconds

Every month in each market service asks...

For each track in the system...

“What % of total plays did it account for?”

STEP ONE: TRACK ALLOCATION



Service identifies total income for that month

For each track takes % of total plays

Applies that % to the total money made

The track now has an allocation

STEP TWO: REVENUE SHARE



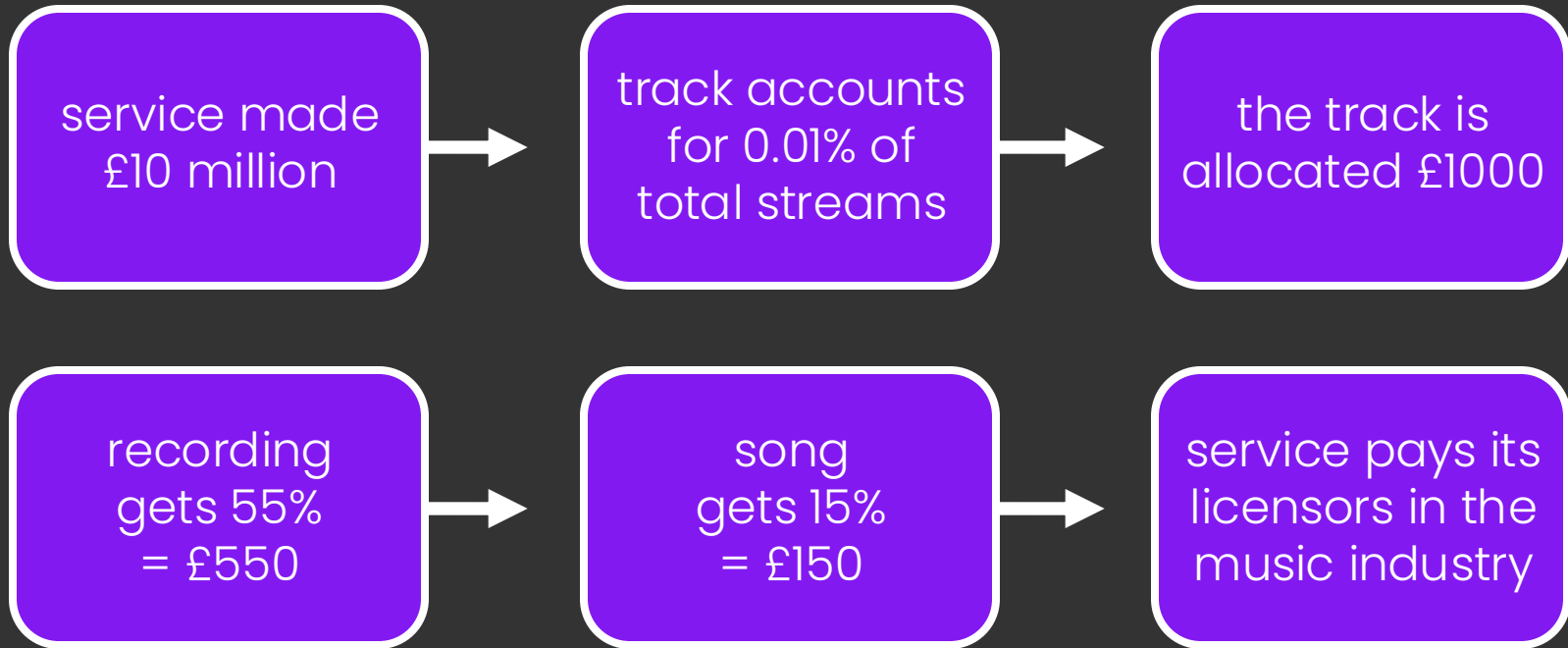
Service takes the track allocation...

Pays 50–55% to the recording rights

Pays 10–15% to the song rights

Service keeps 30–35%

TRACK ALLOCATION + REVENUE SHARE RECAP



CHANGES TO THE MODEL

THRESHOLDS



Some services have applied thresholds

That artists or tracks need to pass

Below threshold = allocated less or nothing

Each service has its own rules

THRESHOLDS: SPOTIFY



Functional audio plays = fraction of a play

Track must get 1000 plays a year

From at least 50 unique users

To be allocated any money at all

THRESHOLDS



Often dubbed as “artist centric model”

But mainly benefits superstars + big labels

Artists never consulted on these changes

Mainly result of pressure from the majors

PAYING MUSIC-MAKERS

HOW DOES IT WORK?

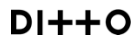
STEP ONE:
TRACK
ALLOCATION

STEP TWO:
REVENUE
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STEP THREE:
ARTIST
ROYALTY

STEP THREE: ARTIST/WRITER ROYALTY

RECORDINGS

licensed by labels + distributors



pays artist a royalty based on
record or distribution deal

SONGS

licensed by societies, publishers + hubs



pays songwriter a royalty based on
publishing deal + society rules

STEP THREE: ARTIST ROYALTY

100%

< DIY distributor

70–80%

< distribution deal

50%

< full artist services deal
< indie profit share deal

20–25%

< modern label royalty deal

5–15%

< legacy label royalty deal

CompleteMusicUpdate.com

