

## Press release

### Agreement between BITKOM and GEMA on online music

- In the future, 90-second audio samples will be possible in download shops.
- Licensing of streaming products make new services possible.
- BITKOM will continue negotiations in other areas.

#### Berlin

**December 8, 2011**

Following intensive negotiations, the high-tech association BITKOM and the copyright administration society GEMA have reached an agreement for online music providers. The contract regulates the amount of copyright royalties that have to be paid by the operators of Internet music portals. The licensing fees now will be, as a rule, between 6 and 9 cents (after tax) per music work; BITKOM member companies receive a discount. "The agreement creates planning reliability for the providers," announced BITKOM vice president Volker Smid. The chairman of GEMA's Board of Directors, Dr. Harald Heker, said, "Signing the agreement is very satisfying for GEMA members. Now the payments made in the past to escrow accounts can be billed according to the agreement we reached and distributed successively."

The results also provide advantages to the customers of online music providers. In the future, they can listen to longer segments of the songs on the Internet. "90-second samples will be possible in download shops in the future instead of the 30-second samples previously," said Smid. "This way the customer will receive a better impression of the songs before buying them." Dr. Heker emphasizes: "After many years of discussions, finally an amicable solution for an appropriate compensation for online music could be reached."

The new joint contract between BITKOM and GEMA, which becomes legally effective retroactively as of January 1, 2002, also includes the licensing of copyrights for streaming products, in other words, the direct transmission of music works over the Internet. "Individual services, which

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so far have been successful abroad, will now find similar licensing conditions in Germany, too. Therefore, we assume that in the future there will be even more music services in Germany where users can hear online every song in its entirety for a monthly flat fee," said BITKOM's vice president Smid. "This means online business models in the music branch will be much more attractive to providers and users than before."

As of this writing, music services financed solely by advertisements and music videos are not covered by this contract. BITKOM and GEMA will continue their negotiations in these specific areas. Negotiations are also ongoing for online video products.

The Federal Association for Information Technology, Telecommunications and New Media (BITKOM) represents more than 1,600 companies, of which over 1,000 are direct members with approximately 135 billion euros in sales and 700,000 employees. The companies include providers of software and IT services, telecommunications services and Internet services, manufacturers of hardware and consumer electronics, as well as digital media companies. BITKOM advocates in particular a modernization of the educational system, innovative economic policies, and Internet policies that are orientated to the future.

In Germany, GEMA represents the copyrights of more than 64,000 members (composers, lyricists, and music publishers), and GEMA also represents over 2 million copyright owners all over the world. Worldwide, it is one of the largest societies for authors of music works.