



Music for Business White Paper

The Simple Truth about Business Music Licensing

How to make sure your organization is playing legal music.

Table of Contents

| | |
|---|----|
| Introduction | 2 |
| Music Licensing for Business | 3 |
| Question #1: Why do I need to pay licensing fees for music in my business?..... | 4 |
| Question #2: How do the performing rights organizations (PROs) work?..... | 5 |
| INFOGRAPHIC: How Business Music Licensing Works in 8 Simple Steps | 6 |
| Question #3: How is music licensing monitored, and what are the penalties if I get caught?..... | 7 |
| Question #4: Should I subscribe to a business music service or sign direct contracts with the PROs?..... | 8 |
| Question #5: How much do ASCAP, BMI, and the other PROs cost? | 9 |
| Question #6: Under what circumstances do I need to sign direct licenses with the PROs? | 10 |
| Question #7: Our background music service provider says they already pay for copyright licenses. Why would I need to buy a license directly from a PRO? | 11 |
| Question #8: I already have a license with one of the PROs. Do I need to get licenses from the other PROs as well?..... | 11 |
| Question #9: Do I have to pay for music licenses when I have already paid for a DJ or a band? | 12 |
| Question #10: I already paid for the CDs and MP3s that I'm using for music. Do I need to pay for music licenses if I use these as my music source? | 13 |
| Question #11: I already subscribe to a personal music service like Spotify, Pandora, or SiriusXM consumer. Can I use that as background music? | 13 |
| Question #12: Are some businesses exempt from public performance licensing? | 14 |
| Question #13: Can you tell me about SiriusXM Music for Business?..... | 15 |
| Question #14: How do I contact the PROs for questions or direct licenses? | 16 |

Introduction

The truth about music licensing

Music licensing is a function of U.S. Copyright Law (USC Title 17). The law gives the music the performance of the music in a public environment, like a business.

In other words, just like you need a liquor license to serve alcohol, or an accommodations license to operate a hotel, **you need permission from the copyright holders to play their music in your business. This permission comes in the form of a license.**

Getting permission is not optional but is rather required by law, given that copyright holders have been granted by Congress the exclusive right of public performance of their works. Your obligation is real, and compliance is vigorously enforced.

The verdict is clear: using unlicensed music is a significant legal risk and should be treated with high priority.



Goals of this whitepaper

This whitepaper will help you understand:

1. How the business music licensing system works,
2. The kind of music license you need for your business,
3. Where to purchase your music license, and
4. How to buy your license at the lowest cost possible.

Music Licensing for Business

Music is an important strategic element for businesses. Nearly every hotel, bar, restaurant, and retail store uses music to bring rhythm and flow to the environment. To see the power of music in your business is easy. Simply turn yours off, and see how quickly the atmosphere shifts from what was once warm and inviting to what now feels cold and sterile.

While businesses in all types of industries use music, most organizations use music to achieve the same five objectives:

1. To drive a better customer experience
2. To support the image of the brand
3. To create the right ambience
4. To entertain customers
5. To motivate employees



The truth about music licensing enforcement

Whether its background music or a live band, music is very valuable to businesses. This fact is clear to any successful business operator. This fact is also clear to the organizations charged with enforcing federal music copyright laws.

The four organizations charged with licensing enforcement – ASCAP, BMI, SESAC, and GMR – generate billions of dollars in annual revenue. They are large, they are well resourced, they have the law behind them, and they are not to be trifled with. These organizations employ thousands of enforcement officers that work tirelessly to ensure that businesses across all are using legal music.

Unlicensed music puts your business at risk. The majority of businesses can become compliant for less than \$25 per month. This document will show you how.

Question # 1

Why do I need to pay licensing fees for music in my business?

When a business plays music in a place where guests or employees can hear it, the business is engaging in what the law calls a **“public performance”** of the music.

What is a **“public performance”** of music?

A public performance is defined in U.S. Copyright Law to include any music played outside a normal circle of friends or family. This includes prerecorded music that is played overhead as background music, live music performed by a band or D.J., and even music played as part of a karaoke event. Music that is transmitted through the radio, television, or internet or that is played on-hold to callers is also considered a public performance.

To publicly perform music legally, a business must get permission from every songwriter, composer, and music publisher who owns the copyright to the music. This permission is granted by way of a **public performance license**.

Performing rights organizations

Since it would be impossible for a business to contact every single artist for permission, the law allows for certain companies to act as middlemen between the artists that create the music and the businesses that want to play the music. These businesses are called **performing rights organizations (or “PROs” for short)**. These companies work on behalf of the music artists to sell public performance licenses to businesses that want to use the music.

The PROs play an important role in the music ecosystem. They give artists an easy way to make their music available to businesses, and they give businesses an easy way to get legal access to the music they need to enhance their guest experience and grow their brand.

Question #2

How do the performing rights organizations (PROs) work?

There are millions of artists that create music, and there are millions of people that want to put this music to work in their businesses. The goal of every music artist is to make their music available to as many businesses as possible. The more businesses they can reach, the more revenue they will generate.

Music artists register with the PROs

To make their music as available as possible, music artists select one of the **PROs** and register their music catalog with them. Once registered, the selected PRO has the right to license that artist's music to businesses for use in a public performance format. There are four PROs in the United States that manage all public performance licensing: ASCAP, BMI, SESAC, and GMR.

PROs sell blanket licenses to businesses

In total, the PROs represent millions of artists, making massive music libraries available for business use. A PRO makes all the music they represent available to a business by selling what is called a **"blanket license."** The blanket license gives the business the right to play any of the songs in the PRO's catalog as much or as little as it likes. The PROs collect fees from the businesses and then pay those fees to the music artists in the form of royalties. *[See infographic on next page: How Business Music Licensing Works in 8 Simple Steps]*

PROs enforce music licensing laws

The PROs are also involved in enforcing the federal law, and they do so with force and vigor. If your business is not currently licensed, it's likely only a matter of time before one of the PROs contacts you.



How Business Music Licensing Works In 8 Simple Steps



Question #3

How is music licensing monitored, and what are the penalties if I get caught?

Why do businesses ignore music licensing laws?

Many people look at music licensing laws like traffic laws. With so many cars on the road, what are the chances of getting a speeding ticket? The reality is that when it comes to music licensing, your odds of getting caught are much higher than you may think.

How is music licensing monitored?

The PROs have thousands of enforcement officers and large call centers reaching out to businesses each day to ensure they are properly licensed. The PROs also have a system that is similar to secret shoppers. They have representatives all over the country that visit businesses to ensure all licensing has been properly paid. If you are using unlicensed music and have not yet been contacted, it's likely only a matter of time before they get to you.



Question #4

Should I subscribe to a business music service or sign direct contracts with the PROs?

When it comes to playing prerecorded background music in your business, subscribing to a business music service is the easiest and most inexpensive way to go. Services like SiriusXM Business are not only less expensive than direct PRO contracts, but they bundle professional music and licensing together into one monthly rate.

The alternative to using a business music service is to sign direct licenses with each PRO and program your own music. Let’s take a look at the pros and cons of each option.

Direct Contracts with PROs vs. Business Music Service

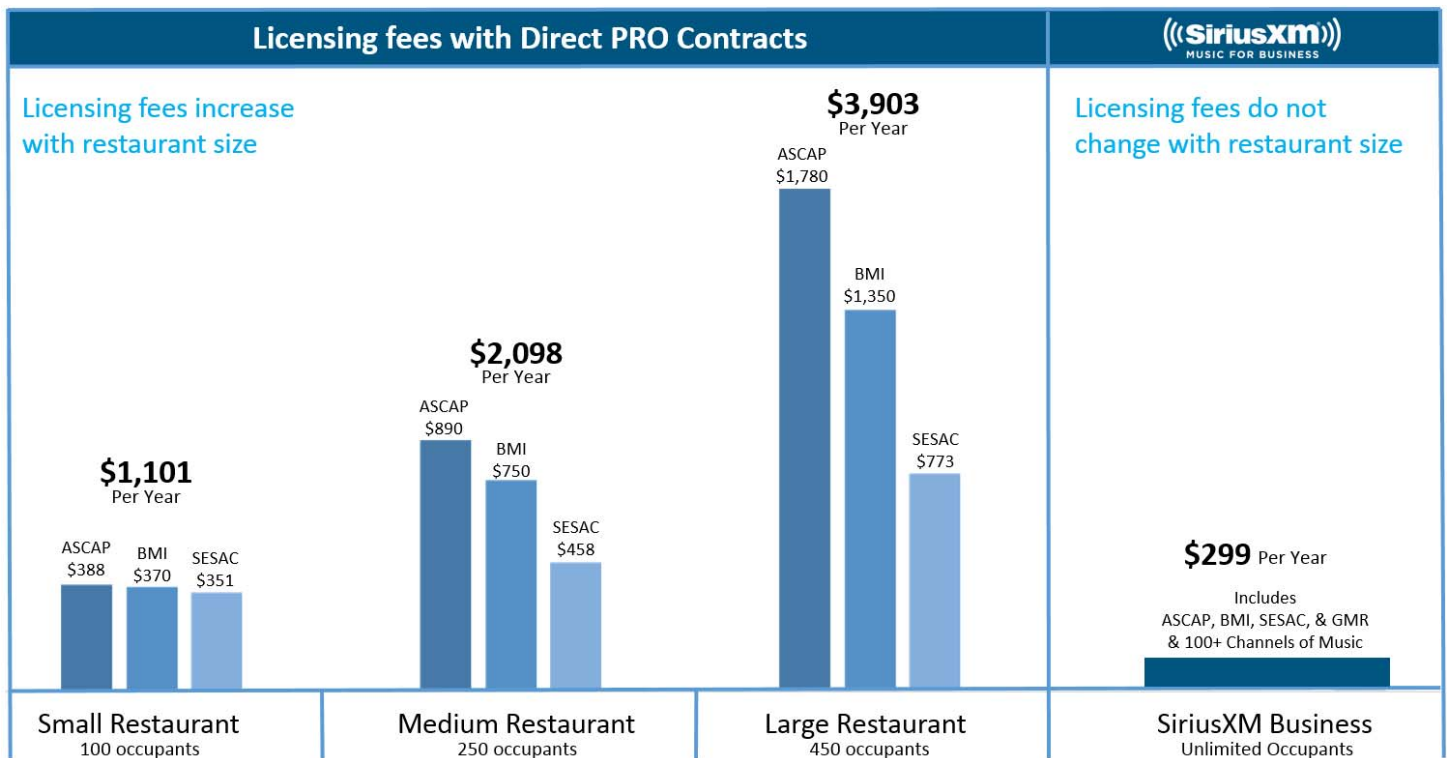
| | Direct Contracts with PROs | Business Music Service |
|------------------------|--|--|
| Cost | Expensive: \$1,100+ per year for a 100-room hotel with \$99 average daily rate. Price increases with the size of the hotel. | Inexpensive: \$299.40 per year for SiriusXM Business regardless of the size of your hotel. Includes music and licensing for public areas only. |
| Payment Terms | Annual payment or quarterly payment, depending on the PRO. | Month-to-month payment, billed monthly at \$24.95 per month. |
| Music | You program your own music and create your own playlists. This is time consuming and harder than most businesses think. | The SiriusXM Business service includes 100+ channels of commercial-free music programmed by music professionals with exclusive business content and programming. |
| Contracts | You need to sign four contracts, one with each PRO, which must be renewed annually. | You sign one month-to-month agreement with SiriusXM Business. No commitment. Cancel anytime. No penalty. |
| Reporting Requirements | You must complete and submit annual reports to the PROs in the format specified in each PRO contract. | SiriusXM Business handles all PRO reporting on your behalf. You never have to engage a PRO for anything. |

Question #5

How much do ASCAP, BMI, SESAC, and GMR cost?

Sample Business: Restaurant/Bar
 Number of Occupants: 100, 250, and 450
 Primary Use: Prerecorded background music only
 No cover charge, no dance floor

Direct PRO Licensing Fees VS. SiriusXM Business



© 2014 SiriusXM. All rights reserved. SiriusXM, the SiriusXM logo, and the "MUSIC FOR BUSINESS" logo are trademarks of SiriusXM. All other trademarks are the property of their respective owners. This information is for informational purposes only and does not constitute an offer. Please contact your local SiriusXM representative for more information.

Question #6

Under what circumstances do I need to sign direct licenses with the PROs?

If you are getting your music through a background music provider, and that music service is your only music source, then you do not need to sign direct agreements with the PROs. If you are using music in virtually any other capacity, you'll need to sign direct agreements with each PRO. Use the table below to help you determine where to get your music license.

Where You Buy Your Music License

| | WHERE YOU BUY YOUR MUSIC LICENSE | |
|---|--|---|
| | Business Music Provider | All Four PROS ASCAP, BMI, SESAC, GMR |
| You subscribe to a background music service | X | |
| You play and/or program your own background music using radio, records, tapes, CDs, streaming, or by any other mechanical means | | X |
| You use a personal music service like Pandora, Spotify, Apple Music, YouTube, or even a SiriusXM personal subscription | Not legal. Consumer music services cannot be used in a public, commercial place. | |
| You have a band or live music | | X |
| You have a disk jockey | | X |
| You have karaoke | | X |
| You have a coin-operated jukebox | | X |
| You charge admission to get into your facility | | X |
| You broadcast music over television | | X |
| You broadcast music off premises via the internet or other means | | X |

Question #7

Our background music service provider says they already pay for copyright licenses. Why would I need to buy a license directly from a PRO?

Legitimate background music service providers, like SiriusXM Business, have special licenses with the PROs that allow them to collect and pay licensing fees on behalf of their subscribers. The license supplied by your background music provider only extends to the music they supply.

If you are playing any other form of prerecorded music outside of your background music service, you need to be directly licensed with the PROs. This includes, but is not limited to, terrestrial radio, streaming music, records, tapes, CDs, digital MP3 music, large-screen TVs, and personal computers. As an additional requirement, if you charge admission to your facility, you need to purchase a direct license from each of the PROs regardless of whether you have a licensed business music service.

Question #8

I already have a license with one of the PROs. Do I need to get a license from the other PROs as well?

Yes. ASCAP, BMI, SESAC, and GMR are all separate and distinct organizations. Each organization represents a different group of copyright holders (songwriters, composers, and publishers). Each PRO licenses only the music of the artists that it represents.

So a license with ASCAP, for example, does not give you the rights to perform songs represented by BMI, SESAC, or GMR. Since there are literally millions of songs mixed between the four PROs, nearly every business interested in compliance obtains licenses from all four PROs. This gives the business the right to perform pretty much any copyrighted song in the world.



Question #9

Do I have to pay for music licenses when I have already paid for a DJ or a band?

Yes. As the owner or operator of the establishment where the music is being performed, you are responsible for making sure your facility is licensed. The money you pay to a DJ or band does not relieve you of your licensing obligation.

Question #10

I already paid for the CDs and MP3s



pay for music licenses if I use these as my music source?

Yes, licensing is still required. When you purchase a CD, MP3, or similar personal music format, you are given permission for what is called a “non-public performance” of the music. This allows you to play the music in non-public places, like your home or car. This type of music does not include any public performance rights, so if you’re performing this music publicly in your business, you will need to purchase direct licenses from each of the four PROs.

Question #11

I already subscribe to a personal music service like Spotify, Pandora, or SiriusXM. Can I use that as background music?

No. Consumer services are licensed for non-public performance only and cannot be used in a public, commercial place. There is no license that you could purchase that would allow you to legally play a consumer service in a business environment.

Question #12







Are some businesses exempt from public performance licensing?

There are some exceptions to licensing requirements under U.S. Copyright Law. **These exceptions apply ONLY to over-the-air radio and television**, but does not include content presented via streaming online. If you use any music source other than TV or radio, you are legally obligated to purchase public performance licensing.

Question #13

Can you tell me about the SiriusXM Business service?

As the largest brand in the business music industry, SiriusXM provides music for some of the biggest names in business. The SiriusXM Business portfolio includes music solutions for organizations of all sizes and types. Here are some of the benefits of using SiriusXM in your business.

-  **Low Monthly Fee** – \$24.95 per month for all your music and licensing.
-  **100+ Channels** – Choose from over 100 music channels, 30 of which are programmed exclusively for business by the experts at SiriusXM.
-  **Family Friendly Lyrics** – The SiriusXM Business lineup offers family-friendly options with no explicit content or suggestive lyrics.
-  **All Music. No Interruptions.** – Every SiriusXM Business radio channel is programmed free of DJs, commercial interruptions, and station IDs.
-  **No Long-Term Contracts** – All contracts are month-to-month. You can cancel anytime without a fee or penalty.
-  **Enterprise Solutions** – SiriusXM Business provides enterprise solutions that include in-store messaging, advanced scheduling, and central portal control.

How do I sign up for SiriusXM Business service?

SiriusXM Business is sold through Dynamic Media, SiriusXM's national master reseller. To learn more about SiriusXM Business, contact Dynamic Media or visit the SiriusXM Business website.

1-800-684-7050
8:30 A.M. – 7:00 P.M., M–F, EST

www.DynamicMediaMusic.com
www.SiriusXM.com/Business

Question #14

How do I contact the PROs for questions or direct licenses?



ASCAP

American Society of Composers, Authors, and Publishers

www.ascap.com



BMI

Broadcast Music Incorporated

www.BMI.com



SESAC

Dropped full name in 1940. Known only by the acronym SESAC

www.sesac.com



GMR

Global Music Rights

www.GlobalMusicRights.com



U.S. Copyright Law for Music Licensing

<http://copyright.gov/title17/>



This document is intended for informational purposes only. Information contained herein is not intended to be legal advice and should not be considered a substitute for legal counsel should you have a copyright question or issue.

Author:



Ryan Santangelo, Ph.D.

President, Dynamic Media

SiriusXM Music for Business Master Reseller

www.DynamicMediaMusic.com

www.SiriusXM.com/Business