

Congress of the United States

Washington, DC 20510

June 12, 2024

Ms. Shira Perlmutter
Register of Copyrights and Director, U.S. Copyright Office
Library of Congress - Copyright Office
101 Independence Avenue, SE
Washington, DC 20559-6000

Dear Register Perlmutter:

American songwriters create the music we love but have long labored under a compulsory licensing system that robs them of control over their work and the ability to receive fair compensation. Six years ago, Congress passed the Music Modernization Act (MMA) to address that problem. It was a landmark compromise that benefited streaming platforms by modernizing music licensing while reducing legal liability for digital streaming companies, while at the same time ensuring publishers and songwriters were compensated more fairly. We believe it is essential, then, that Congress raise serious questions regarding whether Spotify's recent actions are in step with the spirit of the Music Modernization Act.

A May 9, 2024, [article](#) in *Billboard* titled "Spotify to Pay Songwriters About \$150 Million Less Next Year With Premium, Duo, Family Plan Changes," revealed how Spotify recently re-designated its streaming music service as a "bundle." Under current law, rates for mechanical royalties are set every five years by the Copyright Royalty Board (CRB). In so doing, the CRB also establishes royalty rates for when music is offered as part of a bundle with other services. The purpose of the special rate structure is to ensure rightsholders are given a fair share of royalty payments when services are bundled together and sold at a discount.

This past November, Spotify began offering audiobooks as a free service with its \$10.99 monthly music subscription. Then, in March, it made the unexpected decision to offer audiobooks as a standalone monthly subscription for \$9.99. Few would expect customers to purchase audiobooks at that rate when it is available for free with the music service for only \$1 more per month. This was, however, the same moment in which Spotify automatically reclassified the 50 million subscribers in its music services into a bundle. The result of these moves by Spotify was an immediate sharp reduction in royalty payments made to publishers and songwriters, and one they executed without warning.

As members of the Judiciary Committee, which originated the Music Modernization Act, we want to see the law faithfully implemented and copyright owners protected from harm arising from bad faith exploitation of the compulsory system. Digital service providers should not be permitted to manipulate statutory rates to slash royalties, deeply undercutting copyright protections for songwriters and publishers. A fair system should prevent any big tech company from setting their own price for someone else's intellectual property, whether the owner wants to sell or not.

As we explore a response to these recent developments, we would appreciate the Office's help to understand the available options. Specifically,

- Are there protections in place to ensure that companies that use the compulsory license and statutory rate process cannot abuse that system to the detriment of copyright owners?
- Is there an efficient, low-cost process by which copyright owners may seek relief where improper or illegal actions are taken by licensees?

Thank you for the work you do to uphold the American copyright system, which is among the most robust in the world. Your efforts help protect the innovative and creative communities in their essential work. We look forward to your timely response.

Sincerely,



Ted W. Lieu
Member of Congress



Adam B. Schiff
Member of Congress



Marsha Blackburn
United States Senator