

## **The Mechanical Licensing – Background**

### **The Music Modernization Act of 2018**

The Music Modernization Act (MMA) was enacted into U.S. law on October 11, 2018, heralding the most significant changes to U.S. music licensing this century. It updates the copyright law to make statutory licensing more efficient for digital service providers (DSPs), and to make royalty accounting to copyright owners more accurate and transparent.

Prior to enactment of the MMA, the system for song-by-song compulsory mechanical licensing was deeply problematic. The MMA replaces the previous song-by-song system with a blanket mechanical license for digital uses (“Blanket License”).

### **Designation of the Mechanical Licensing Collective**

In order to administer that Blanket License, the MMA provides for the designation of a mechanical licensing collective, which is tasked with collecting and distributing royalties under Blanket Licenses and maintaining a publicly available musical works ownership database.

The U.S. Copyright Office designated the Mechanical Licensing Collective, Inc. (“The MLC”) to serve as the statutory mechanical licensing collective in July 2019. The MLC was supported by a broad coalition that included songwriters, music publishers, trade associations representing those constituencies and many others, and its Board of Directors consists of representatives from each of those constituencies.

### **Designation of the Digital Licensee Coordinator**

The MMA also provides for the designation of a digital licensee coordinator, tasked with coordinating communication between the DSPs impacted by the MMA, providing feedback on behalf of those DSPs related to The MLC’s operations and assisting in the collection of each DSP’s share of the funding of the MLC, as determined by federal regulations. The U.S. Copyright Office designated the Digital Licensee Coordinator, Inc. (the “DLC”) to serve as the statutory digital licensee coordinator in July 2019. You can learn more about the DLC by visiting its official website:

<https://digitallicenseecoordinator.org/>.

### **What does the Blanket License cover?**

The Blanket License covers digital mechanical uses, defined as “covered activities” under Section 115 of US Code Title 17. That means the Blanket License only covers digital (no physical), audio-only (no audiovisual or sync) musical works (no drama or spoken word). It is also limited to digital downloads, ringtones and interactive streams (no non-interactive radio). Licensing outside of this covered activity would need to be obtained outside of the Blanket License.