

# Saxophone JOURNAL



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This editorial marks the third, and final installment, on this topic of music sound files, culminating here with my focus on musicians selling product online, or on CDs, utilizing the mp3 sound format. We'll begin with the licensing company, Technicolor, and a small overview, before discussing royalties.

Technicolor is the "licensing representative of .mp3 patents and software of the Fraunhofer Institute in Germany (co-inventors of mp3), Coding Technologies from Sweden (co-inventors of mp3 PRO) and Agere Systems (co-inventors of mp3 Surround). Since launching its mp3 licensing program in 1995, Technicolor has played an instrumental role in making mp3 the de facto standard in digital audio."

If you plan to utilize the mp3 music file format to sell music for profit the licensing agent you should contact is: Technicolor whose website is: <http://mp3licensing.com>.

The .mp3 "Patent Portfolio" consists of over 349 patents in countries around the world, which govern every aspect of using .mp3 files, and the specific patents are just that, very specific to every conceivable aspect of these technically complex sets of software code.

Actual licensing agreements exist with more than 600 companies in hardware, software, IC, content distribution and game companies, most of who are major brand name labels. The mp3 format for online content distribution is attributed to its "quality, brand recognition and convenience." And it is estimated that more than 1 billion commercial products worldwide use the mp3 media technology. Currently the mp3 audio codex is the most supported sound format in the world.

It should be noted that Fraunhofer is part of "Fraunhofer-Gesellschaft, based in Munich, Germany. Fraunhofer-Gesellschaft is Europe's largest applied research organization and is partly funded by the German government. With 17,000 employees worldwide, Fraunhofer-Gesellschaft is composed of 59 Institutes conducting research in a broad range of research areas."

Another part of this total company structure is Agere Systems, who is a global leader in building computer chips and software utilizing aspects of mp3 code, covering a complex area of products, including cell phones, PC computers, PDA, hard disk drives, gaming devices.

In total we're talking about a serious bunch of folks dedicated to their product development, and the proper licensing of their mp3 software, which is where it all begins for this company.

A few facts are in order here and one is they only license mp3 software and patents to developers and manufacturers of software applications and hardware devices, not to end users like you and I. However, a "license is needed for commercial (i.e., revenue-generating) use of mp3/mp3PRO in broadcast systems (terrestrial, satellite, cable and/or other distribution channels), streaming applications (via Internet, intranets and/or other networks), other content distribution systems (pay-audio or audio-on-demand applications and the like) or for use of mp3/mp3PRO on physical media (compact discs, digital versatile discs, semiconductor chips, hard drives, memory cards and the like)."

"No license is needed for private, non-commercial activities (e.g., home-entertainment, receiving broadcasts and creating a personal music library), not generating revenue or other consideration of any kind or for entities with associated annual gross revenue less than US\$ 100 000.00."

That brings us to a musician who wants to sell music on your website as downloadable mp3 files for sale, or distributing mp3 files of your work on a CD for sale. For electronic music distribution, broadcasting, or streaming the royalty is 2% of "running" related revenue for mp3 files, and 3% of related revenue for mp3PRO files. There is also a minimum licensing fee of \$2,000.00 per calendar year for the mp3 sale, and \$3,000.00 per calendar for mp3PRO sales.

In closing it's worth noting that no license is needed for private, non-commercial activities not generating revenue or other consideration of any kind. If you go to [www.dornpub.com/download.html](http://www.dornpub.com/download.html), I will be posting all three of my editorials on this subject as individual PDF files in our September/October 2012 issue of Saxophone Journal (Vol. 37, No. 1), which you are welcome to use as you see fit. §