

## **The US: What is the State of US Entertainment Law Today?**

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Without doubt the greatest challenge is publishing. There were the recent withdrawals of many of the publishers from the PRO system and the impact on licensing and for services being able to operate is going to be nothing short of disastrous. We are going from a world that is already complicated to one that is going to be almost impossibly complicated for many new services that don't have the resources to do things the right way. At this moment, from what were originally three licences that you needed to get [from publishers], by January next year it could wind up being 10 or 15. With labels, you can get away with launching a service and rolling out the long tail over time as you can go to the majors and the key indies or indie aggregators and get a handful deals done. You can't really do that with publishing because of how it cuts across the line of sound recordings and often it's almost impossible to determine who the publishers are as you don't generally get the details from the labels."

### **If Licensing is Going to Get Even More Complex, will VCs Pull On the Music Startup Sector?**

"I definitely think that is a concern. Over the years, I have heard that from so many people and a number of investment bankers – yet you still seem to have companies that are able to raise money. Music is so sexy and is something that people tend to be passionate about. Somehow or other, companies still seem to get out of the gate. I don't think it's as simple as saying this is going to kill companies' abilities to raise money through VCs or other avenues of fund raising. But I definitely think it has an impact. From my point of view, if it were easier to test the waters and to try new things out, it would certainly grease the wheels. The easiest thing in this space is to replicate what has come before – not just from a technology point of view but also from a licensing point of view; you can go to all the rightsholders as they have done this sort of deal before and don't have to reinvent anything so you can pretty much get an off-the-shelf deal. When you are looking to launch a new type of model – and we are doing a lot more of that now – it's very difficult as it's like herding cats. You have to line everybody up – the labels, the publishers, the collectives – and you have to do that globally for a global service. Whenever you are coming up with a new and innovative model – which is part of what investors are looking to invest in, rather than just a me-too model – it's a lot more challenging."

### **What Would Make Your Life Easier?**

"This is such a hard industry to change because of the various dynamics and competing

interests. In the US there has been talk of Section 115 reform; there was movement five or so years ago towards new legislation called SIRA [Section 115 Reform Act]. Something that simplifies the publishing licensing structure would, without a doubt, be helpful. One of the challenges that you have with the labels is that they have become very focused on big guarantees for deals. On some level this is part of a weed out process to separate those who are serious from those who are not. On the other hand, it's so challenging to get all the pieces together to work in this space. One of the challenges is that you don't know where the next big thing is going to come from."

## **What Will Be the Changes in 2014?**

"It is very difficult to imagine a successful one-size-fits-all model. Music, historically, has been much more one dimensional than other forms of IP, particularly films as there have been various windows and various ways that people view motion picture content. With music, as time goes on, what would help the industry would be to have a whole array of models that work for people."

*This article was previously published in Music Ally.*

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National Law Review, Volume III, Number 256

Source URL: <https://natlawreview.com/article/us-what-state-us-entertainment-law-today>