

**BACKGROUND:**

*Steve Gordon is an established entertainment attorney with a broad knowledge of music licensing for film, TV, DVD and new media, as well as the opportunities that music licensing generates for today's working artists. From 1991 to 2001 he served as the Director of Business Affairs (TV/video) for Sony Music as well as the principal attorney for Sony's in-house production company, Automatic. He also wrote the book, *The Future of the Music Business: How to Succeed with the New Technologies, A Guide for Artists and Entrepreneurs*, and he has written and lectured extensively on the legal aspects of the music business.*

Changing Times:

The music business has lost one third of its income since 1999, so there are fewer big signings. The way the most successful entertainment lawyers made their money was from taking a percentage of big advances. But advances are less, and there are fewer of them, so it's a better time to be involved in music licensing than ever before.

'Bout Time for a Book:

I created the book, *The Future of the Music Business...*, so that if a person wanted to start using their own music online or selling other people's music online, they would have a resource to tell them what the rules are. I looked around the book store for an analysis of the law with respect to digital music, and I didn't find anything. This was in 2002 and 2003 and digital music was burgeoning on the Internet and cell phones and ringtones, etc. So I saw the need for a book exclusively devoted to making the rules

"You can always use the internet to supplement your living and quit your day job."

for transmitting and distributing music through digital means coherent, including the Internet. There's also a CD Rom that comes with the book that has a lot of content in it including 250 active websites categorized neatly, additional seminars and interviews and a link to a website where I can update the book.

Record Company Retribution:

The music business is generating more income and more capitol than ever before, but the people getting the money are not the record labels. The people who are getting the money are the people creating the computers, manufacturing the MP3 players and the companies providing the high-speed Internet connections. That has lead to labels dropping artists and downsizing employees and generally cutting back on the process of creating and marketing new music.

I think Society has suffered a great loss. So it would be the right thing to do to either institute a system where there would be a levy on the hardware like computers and MP3 players, and a levy on the ISPs. Eventually the public would be paying for this, but in very small increments. Then we could compensate the record companies on the losses they have suffered since the explosion of digital music.

Utilizing the Net:

You can reach tens of millions of people directly online. Artists can set up their own music store or partner with companies like CD Baby who will help them sell their CDs and also help them sell digital downloads through iTunes and other digital stores. There are ways of monetizing your music on peer to peer using weed technology, which is software that allows listeners to hear your music several times, but charges them if they want to download any of the tunes. Artists can promote their concerts and increase their fan base on the Internet. You still need marketing money, publicity and promotion to get on the radio, but you can always use the Internet to supplement your living and quit your day job. The net is definitely a huge tool for a new artist to use to become more successful and make an independent living. A number of artists are able to make a living from their music websites, which are now their music stores, so they don't need to sign with the big labels.

Major Label Monitoring:

The big record companies do monitor the activity of many of websites like MySpace, and they also monitor the activity of the peer to peers. They hire companies like Big-Champagne to tell them what's hot on the Internet. So if you *do* take off in one of these websites, even if it's free downloads, the record companies will find out about it and you're more likely to get a deal. But to become a star you still need the support of a big wallet behind you to promote and market your wares. That money may not come from the record companies anymore because they may not be big record companies anymore. In the future You may see companies like Verizon or Apple or Microsoft signing artists independently. That could be the next stage of the record business. You may have big technology companies replacing the record companies.

Taking Fewer Chances:

[Major labels] have always been risk averse, but now they're even more risk averse. They're looking to sign artists who have already had success independently. They figure that if they've already got a fan base and they've already produced an album that sounds good and they have a management team and are working with producers they know, that they'll be less likely to fail. So the record companies are taking fewer chances now.

Beware A&R Service Scams:

Any website that wants you to make a considerable investment to promote your music is suspect. There are A&R services that pretend that they will present your music to big record companies if you pay them. These people have always existed, but it's easier for them to advertise their services online. So immediately be cautious of anyone holding their hand out asking you to pay them to promote you online. You can do that yourself for free on MySpace.

Music Licensing Opportunities:

There is a record company online called Magnatune. They'll split revenues 50/50 with the artist from any downloaded or licensed music. It gives the artist the ability to sell music online through downloading and it also promotes the licensing of their music to movies and television. There's a rate card on the website which allows a music

supervisor in L.A. or London or anywhere to see what the price of any particular song is to use in a movie, commercial or whatever.

Use Your Publisher:

ASCAP and BMI are additional opportunities [for licensing music]. All over the U.S., there are local offices and you can stop in and talk to people and become part of a workshop. There will be people from record companies and there will also be music supervisors who come into the workshops. You can use the contacts of ASCAP and BMI to network. These resources are invaluable because there is very little start-up costs and you get exposure to a network of people.

Building a Bridge:

In the life of any successful artist, finding a team, especially a manager, is the most important step. Even the Beatles had Brian Epstein who not only fashioned the band's look, but introduced the group to producers and record companies and publishers. Artists always need a bridge between their art and the marketplace, and finding a manager is the first step.

Advice for Aspiring Attorneys:

If you're thinking about entertainment law, take as many entertainment law and copyright classes as you can. Keep in mind that your professors may be able to hire you. My entertainment law professor hired me for my first job. The reality is that entertainment companies want to hire out of big firms, because they know you are a hard worker and that you were good enough to get into the big firm. So really study hard and get your best grades. But if you can't get into a big firm, network as much as possible and go to as many meetings and seminars as you can. Try to write an article for the entertainment law journals in your area.

Advice for Artists:

Hone your craft and create a sound and style that is authentic. Keep on gigging and be open to people who will come along and offer their help. It doesn't have to be a famous manager or David Geffen. It can just be somebody who is bright who used to work at a record company, or still does, who believes in your music and will want to spend the time it takes to get you to the next level.

