

# **Commission recommendation of 18 May 2005 on collective cross-border management of copyright and related rights for legitimate online music services (recom. 2005/737/EC)**

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The committee adopted the own-initiative report drawn up by Katalin LEVAI (PES, HU) in response to the Commission Recommendation of 18 October 2005 on collective cross-border management of copyright and related rights for legitimate online music services. MEPs were critical of the Commission's failure to consult interested parties and Parliament before adopting the Recommendation, and also criticised the "soft law" approach. They called on the Commission to propose a framework directive, to be adopted under the codecision procedure, for regulating the collective management of cross-border online music services, "while taking account of the specificity of the digital era and safeguarding European cultural diversity, small stakeholders and local repertoires".

The committee stressed that the proposed directive should not in any way undermine the competitiveness of the underlying creative businesses, the effectiveness of the services provided by collective rights managers (CRMs) or the competitiveness of user businesses, in particular small right-holders and users. It therefore called for such a directive to guarantee right-holders a high degree of protection and equal treatment, ensure "comprehensive transparency" in CRMs, promote creativity and cultural diversity, and allow "fair and controlled" competition. MEPs also wanted to avoid the over-centralisation of market powers and repertoires by ensuring that exclusive mandates may not be granted to a single or a very few CRMs by major right-holders. In this way, the global repertoire would remain available to all CRMs for the granting of licences to users. They also said that it was crucial to prohibit any form of exclusive mandate between major right-holders and CRMs for the direct collection of royalties in all Member States, as this would lead to "the rapid extinction of national CRMs and undermine the position of minority repertoires and cultural diversity in Europe". Lastly, the Commission was urged to conduct an assessment of the impact of a global licence for online services and its effects on the economic and social situation of authors.