Overview

I am pleased to report that BMI’s revenues and royalty distributions have both increased to historical highs, despite an extremely challenging economy and a turbulent environment in the music and copyright industries. For the fiscal year ending June 30, 2011, BMI reported revenues in excess of $931 million and royalty distributions to our affiliates totaling more than $796 million. BMI’s ability to reliably achieve financial results that run counter to industry trends is a product of the sustained global popularity of BMI’s repertoire and the company’s constant focus on diversification of revenue streams.

BMI’s consistent drive toward revenue diversity is clearly evident as one looks at the changes in BMI’s revenue stream since the year 2000. While total revenue almost doubled over that time, the percentage contributed from cable and satellite, the new digital media and mobile entertainment grew from 11 percent to 27 percent, and our international revenue from 23 percent to 29 percent. General Licensing revenues have remained stable over the period. At the same time, traditional broadcast media revenues have grown only marginally and their share of the total has fallen from 54 percent to 32 percent.

A key factor in our ability to grow revenues is the enduring value of the BMI blanket license to business. Today, more than ever, the ability to license unlimited use of BMI’s entire repertoire of more than 6.5 million works in one simple transaction is recognized as the most equitable and efficient licensing mechanism available. This is as true for new media companies such as YouTube and Spotify as it is for the steadily proliferating cable services with their heavy dependence on music.

Cable and satellite audio and video services continued a multi-year trend of significant increases, recording a 9.2 percent increase over the previous year. BMI’s New Media Licensing also hit an all-time revenue high, growing revenues almost 30 percent.

BMI international revenues hit an all-time high, with Latin America, Western Europe and the Asia-Pacific region all increasing their share of BMI’s global revenue.

The achievement of our licensing effort is of course underpinned by the phenomenal appeal of the BMI repertoire, both at home and around the world. Year after year, our Writer/Publisher team has shown an extraordinary ability to identify and develop the most promising young talent across all genres of music. It is this constant infusion of copyrights with explosive popularity that creates value for BMI’s licensees. Lady Gaga, Taylor Swift and British soul chanteuse Adele all broke sales records and topped the charts in the U.S. and around the world. They were joined by highly successful new signings including Latin/urban sensation Pitbull, urban breakout stars Nicki Minaj and Trey Songz, tropical Latin sensation Prince Royce and new country artists such as The Band Perry, Easton Corbin and Jason Aldean.

Never in BMI’s history have our writers so completely dominated the industry’s most prestigious awards, giving the BMI repertoire a comprehensive sweep of the highest honors across all genres. BMI writers won two-thirds of this year’s Grammys, an achievement not equaled by any other performing right organization in more than a generation. Similarly, BMI writers won two-thirds or more of the top industry awards in country, jazz, urban, blues, bluegrass, and Latin. BMI writers dominated Billboard’s year-end 2010 polls across the board.

BMI’s management has taken a number of initiatives aimed at stabilizing and expanding the frame of reference for BMI’s business as our industry transforms itself for a global, digital future. The lines separating the traditional roles of record companies, music publishers and rights management organizations such as BMI are becoming blurred as rights holders seek to optimize their income in a rapidly shifting business environment.
BMI’s management team, with input and encouragement from the BMI Board, is taking a hard look at both the challenges and opportunities created by these rapid and massive shifts in the music industry. We are laying the groundwork for a multi-year transformation of BMI’s business processes and technology infrastructure, and are developing an improved capability to identify and quickly deliver new services and new technologies. These tools will enable us to serve the needs of our songwriters, publishers and customers, as well as others in the music and entertainment industry.

We have completed our first full year at BMI’s new headquarters in 7 World Trade Center. Our employees are enjoying the advantages of a state-of-the-art building, situated in one of Manhattan’s most vibrant, re-emerging neighborhoods. BMI’s successful move has been profiled by The New York Times and Crain’s New York Business as we help lead the development of a new and important hub for media in downtown Manhattan.

I urge you to read the report that follows this overview. It presents a detailed narrative of the company’s ability to forge continued success in an extremely challenging business environment, and it presents a story we all may be proud of.

BMI writers won two-thirds of this year’s Grammys, an achievement not equaled by any other performing right organization in more than a generation.
As the media menu continues to diversify, consumers and creators have more opportunities to connect with one another. From the growing popularity of cloud music libraries and other forms of on-the-go access, to new discovery platforms via viral videos and televised talent competitions, BMI songwriters took advantage of new routes into pop culture’s most visible mainstream over the past year. Pop music remains dominant and diverse, as other formats including country, r&b, Latin and hip-hop are shaping innumerable pop hits. Lady Gaga’s reign is rooted in danceable pop, while artists including Taylor Swift and Lady Antebellum continue to strengthen country music’s pop appeal. Rihanna, Black Eyed Peas and Eminem continue to blur the lines between urban and pop sounds, while Pitbull and Shakira spike mainstream hits with Latin panache.

As other sectors of the industry restructured, BMI’s role as a career counselor continued to evolve and expand. Evidence of BMI’s successful track record of nurturing young talent is everywhere, from the career trajectories of Lady Gaga and Taylor Swift and the rise of new voices including Jason Derülo, Ester Dean, The Band Perry and Skylar Grey, to the surge of first-time winners in every genre at last year’s BMI Awards ceremonies.

As social media have played an increasingly important role in communicating with the songwriting community, BMI launched numerous social marketing campaigns over the past year. In the last six months of fiscal 2011, BMI’s Facebook page surpassed more than 17,300 “likes” or fans, increasing its audience by almost 64%, while the company’s Twitter feed accumulated more than 18,000 followers, a number that grew by more than 38%. Through these digital platforms, strategic communications with large groups of actively engaged BMI songwriters, composers and publishers — as well as potential affiliates — has become more viable and efficient than ever before.

**KEY FORMATS**

Lady Gaga remained on top of the charts and at the heart of industry buzz, clinching the 2010 Billboard Artist of the Year crown. As “Bad Romance,” “Alejandro” and “Telephone” lit up international airwaves, Gaga also soared as a songwriter, winning the BMI Pop Songwriter of the Year title, an honor she shared with Jason Derülo and J.R. Rotem. Her sophomore studio release, *Born This Way,* bowed at #1, while the title track topped charts in countless countries and became the fastest-selling single in the history of iTunes, selling one million copies in only five days.

**Hits from such BMI stars as Lady Gaga, Taylor Swift, Lady Antebellum, Rihanna, Black Eyed Peas, Eminem, Pitbull and Shakira help blur the lines between pop and other genres.**
Taylor Swift continued her record-breaking streak, winning multiple BMI Awards spanning pop and country. Swift sold more albums last year than any other artist in any genre, and she remains the top-selling digital artist in music history.

While Gaga, Swift and other familiar voices populated charts, British soul chanteuse Adele emerged as the year’s brightest breakout star. Her 2008 debut 19 has since been certified quadruple-platinum in the U.K., while her sophomore release 21, which dropped in January of 2011, continued to break records and top charts in her native country, the U.S. and around the world.

The Billboard Hot 100 continued to showcase the value of the BMI repertoire, as cross-genre giants including Black Eyed Peas, Jennifer Lopez, Eminem, Lady Antebellum, Cee Lo Green, Carrie Underwood, Colbie Caillat and others drove playlists. Britney Spears also made a triumphant return to the top: She released her seventh studio album, Femme Fatale, earlier this year, which debuted at #1, making Spears the only female artist ever to have six albums debut at the top of the charts. Smash pop songwriters including RedOne, will.i.am, Sandy Vee, Polow Da Don, J.R. Rotem, Kara DioGuardi, Jeffrey Steele, Brian Howes, Claude Kelly, Amund Bjørklund, Espen Lind, Kevin Rudolf, Jim Jonsin, Rodney Jerkins and Marti Frederiksen were joined on the charts by new hitmakers including Benny Blanco, Skylar Grey, Fraser T. Smith, Bonnie McKee, Alex da Kid, and more.

On television, American Idol increased its sphere of influence: With the addition of new judges, including Jennifer Lopez, the show became even more popular. More than 29 million viewers tuned in for the season finale, representing a resounding 21% increase in viewership over the past year. The debut of series The Voice was met with both critical and popular praise; the unique talent contest relies on a judging/mentoring panel that includes BMI’s Adam Levine, Christina Aguilera, Cee Lo Green and Blake Shelton. BMI is also a proud supporter of two new talent-development series: Bravo’s Platinum Hit and Boardwalk Entertainment Group’s Majors & Minors. Co-hosted by BMI’s Kara DioGuardi, Platinum Hit takes an unprecedented look behind the scenes in its search for undiscovered songwriters with major hit-making potential. Set to premiere this fall, Majors & Minors will pair auspicious young artists, ages 7 to 17, with music’s biggest stars and industry leaders for mentoring sessions.

Contemporary and classic rock both remained vital U.S. genres. Fiery format leaders included Nickelback, Jack White, Death Cab for Cutie, Foo Fighters, Maroon 5, Daughtry, Linkin Park, Neon Trees, Kings of Leon, the
Decemberists, Lifehouse, Cage the Elephant, the Black Keys and others. BMI’s deep roster of classic rock pioneers also enjoyed evergreen appeal. The popularity of the Eagles, ZZ Top, John Fogerty, Pink Floyd, the Rolling Stones, Eric Clapton, Queen and others only grows upon their discovery by each new generation of listeners.

BMI’s urban songwriters, producers and artists continued not only to dominate hip-hop and R&B charts, but the Billboard Hot 100 as well. Nicki Minaj cut a bold figure, becoming the first artist ever to have seven songs on the Billboard Hot 100 chart at the same time. Longtime favorites Rihanna, Lil Wayne, Eminem, Kanye West, Cee Lo Green, Claude Kelly, Polow da Don, Chris Brown, Snoop Dogg, Black Eyed Peas, Trey Songz, Rick Ross and others were joined on the charts by strong new voices including Ester Dean, B.o.B, Alex da Kid, Wiz Khalifa, Lex Luger, Kane Beatz and more.

Further evidence of the public’s enduring partiality to the BMI catalog also manifested in the undiminished presence of standards from Holland Dozier Holland, Little Richard, James Brown, George Clinton, Al Green, Isaac Hayes, and others, as well as blues pioneers B.B. King, Buddy Guy, Howlin’ Wolf, Muddy Waters and more.

The Latin format continued to grow, reflecting the country’s increasingly diverse population as well as the genre’s mainstream appeal. Juanes and Shakira remained effervescently popular and were joined at the top of charts by Pitbull, whose collaborations have dominated English- and Spanish-speaking markets alike. Luis Fonsi’s Latin pop earned a sea of devoted fans, while Maná proved the band only gets better with time: Member Sergio Vallin co-produced the band’s top-selling album and co-wrote their chart-topping single “Lluvia al Corazón.” New artists including Francisca Valenzuela, Alex Cuba and Ximena Sariñana mingled on the charts and in concerts with legends and established stars Gloria Estefan, Carlos Santana, Café Tacvba, Gustavo Santaolalla, Juan Luis Guerra, Lila Downs, Pepe Aguilar, Luz Rios, Julieta Venegas, Cristian Castro, Ricky Martin and others.

Regional Mexican music also expanded its fanbase. Jenni Rivera, Intocable, Conjunto Primavera, Los Tigres del Norte, Larry Hernandez, La Arrolladora Banda El Limón, Mariano Barba, Javier Serna, Erika Vidrio, Javier Sanromán remained widely popular. Hit-maker Espinoza Paz continued to help shape the genre, while Horacio Palencia wrote smash after smash, winning his first BMI Latin Songwriter of the Year crown.

Latin-urban fusions like reggaetón, as well as Latin alternative, rock, tropical, norteño and jazz also thrived. Chino y Nacho, Wisin & Yandel, Flex, Calle 13, Luny
Tunes, Don Omar, Hector “El Father,” Zion and Ivy Queen pushed reggaetón even farther into the mainstream consciousness, while bachata — the new tropical subset — generated massive amounts of airplay thanks to Prince Royce, new stars Yunel Cruz, J’Martin and 24 Horas, as well as Shakira, whose new album, *Sale El Sol*, embraced the genre.

Country music continued to flow from more radio towers than any other genre. Format listenership exploded thanks to crossover artists including Taylor Swift and Lady Antebellum. Swift’s “You Belong With Me” earned 2010 BMI Country Song of the Year honors, making her the only songwriter ever to win BMI Country Song of the Year three years in a row. The same year, Swift was crowned BMI Country Songwriter of the Year. At 20 years old, she became the youngest songwriter ever to win the honor. She is followed by Whisperin’ Bill Anderson and Johnny Cash, who won BMI Country Songwriter of the Year at 23 in 1960 and 24 in 1956, respectively.

Kenny Chesney made headlines as he decided to return to the BMI family of songwriters. Chesney’s homecoming enriched BMI’s already glittering country vanguard: Carrie Underwood, Keith Urban, Toby Keith, Tim McGraw, Faith Hill, Martina McBride, Zac Brown Band, Rascal Flatts, Ronnie Dunn, Vince Gill, Kix Brooks, Rodney Atkins and more remained format leaders. Miranda Lambert and Blake Shelton emerged as country music’s newest power couple, topping charts and bringing new listeners into the fold. Jason Aldean also became bona fide star, selling out large venues and releasing a string of no. 1 hits. Country’s most promising new voices included The Band Perry, Easton Corbin, Eric Church, Justin Moore, Thompson Square and Jerrod Niemann.


BMI continued to represent key gospel music leaders, from the Clark Sisters, Donald Lawrence and Marvin Winans, to Israel Houghton, Yolanda Adams, Pastor Marvin Sapp and Kirk Franklin. The Christian format was strengthened by BMI heavyweights including Casting Crowns, Steven Curtis Chapman, Sidewalk Prophets, Jars of Clay, DecembeRadio and producer/songwriter Ed Cash, as well as the addition of Christian star Chris Tomlin. Young artists like Leeland, Sanctus Real, Flyleaf, Needtobreathe and Skillet also pushed genre boundaries and enhanced BMI’s catalog.
BROADWAY, CLASSICAL & JAZZ
The musical theatre world continued to reflect BMI’s traditional leadership within that genre. BMI Lehman Engel Musical Theatre Workshop alumnus Robert Lopez and veteran BMI composer Larry Hochman took home statuettes in every music category at the 65th Annual Tony Awards thanks to their work on runaway hit *The Book of Mormon*. BMI composers also swept the Drama Desk Awards: Lopez took home two trophies, Outstanding Music and Outstanding Lyrics for *The Book of Mormon*, which was also named Outstanding Musical overall. Hochman clinched the Outstanding Orchestration prize. Adam Mathias enjoyed a big night as well, winning Outstanding Book of a Musical for *See Rock City and Other Destinations*, while Wayne Barker walked away with Outstanding Music in a Play honors for *Peter and the Starcatcher*.

All of the honorees are a testament to the strength of BMI’s musical theatre creators, but two winners in particular directly underscore BMI’s tradition of cultivating the art form’s next generation: Lopez presented songs for *The Book of Mormon* in the Tony Award-winning BMI Lehman Engel Musical Theatre Workshop, while Mathias actually developed *See Rock City and Other Destinations* in the Workshop.

Broadway as a whole remained filled with top-drawing and Lehman Engel Workshop-developed BMI productions, including *Next to Normal, Passing Strange, Spring Awakening, Beauty and the Beast, Tarzan, A Chorus Line, Avenue Q, Chicago, Jersey Boys, Mamma Mia!, Mary Poppins, Spamalot, The Color Purple and The Lion King*.

BMI’s classical repertoire remained unmatched as well. Seven out of the 10 “Most Frequently Performed Living American Composers” are members of the BMI family. Almost 60% of the composer roster of the American Academy of Arts and Letters, limited to the 50 most prominent American composers, are BMI members.

BMI’s jazz roster and repertoire fostered a long-held tradition of excellence. BMI composers Hubert Laws and Dave Liebman were included in the 2011 Class of NEA Jazz Masters, while BMI greats dominated the Jazz Journalists Association Awards. Jimmy Heath received the organization’s Lifetime Achievement in Jazz, Sonny Rollins was named Musician of the Year and Joe Lovano’s “Bird Songs Us Five” garnered Recording of the Year honors. BMI jazz greats Mose Allison, Herbie Hancock, Ron Carter, Stanley Clarke, Kurt Elling and many more also continued to garner acclaim.

FILM & TELEVISION
The country’s most sought-after film and television music composers continued to be stars on BMI’s roster. Compelling film and television composer Brian Tyler rejoined the BMI family last year. Some of Tyler’s recent credits include films *Fast Five, Battle Los Angeles, The Expendables, Kenny Chesney, Carrie Underwood and Keith Urban*, among others, continued BMI’s dominance in country music, while Miranda Lambert and Blake Shelton emerged as the genre’s newest power couple.
able and Fast & Furious, as well as TV shows Hawaii Five-O and Transformers Prime. Rising star iZLER, the composer behind music for episodes of Shameless and Revenge as well as award-winning films Natural Selection and On the Ice also joined BMI this year.

The prolific David Arnold received the Richard Kirk Award, BMI’s highest accolade for film and TV composers. Arnold has created scores for the James Bond franchise’s Tomorrow Never Dies, The World Is Not Enough, Casino Royale and Quantum of Solace, along with many other top-grossing films such as Independence Day, Stargate and Chronicles of Narnia: Voyage of the Dawn Treader. Composer Atticus Ross walked away with the Oscar and Golden Globe this year for his score for the critically acclaimed film The Social Network.

BMI has music in 91% of the top 100 films for the year, and BMI’s top 50 films grossed over $2.5 billion in domestic box office. BMI composer Harry Gregson-Williams scored four top-grossing films this year including Shrek Forever After, The Town, Prince of Persia: The Sands of Time and Unstoppable. Alexandre Desplat scored the highest-grossing film of the year, Harry Potter and the Deathly Hallows: Part 1, as well as the Oscar-winner for best picture, The King’s Speech. After composing the music for Transformers (2007) and Transformers: Revenge of the Fallen (2009), Steve Jablonsky returned to score Transformers: Dark of the Moon. Other top-earning and critically acclaimed jewels included Black Swan, with music by Clint Mansell; Tangled, with songs and score by Alan Menken; and Tron: Legacy, with music by Daft Punk.

The biggest success stories in television also relied on scores and themes by BMI composers. In 2010, BMI boasted theme or background music in 78% of all prime-time network programs. Blake Neely’s work for The Mentalist, Brian Kirk’s music for NCIS, Daniel Licht’s score for breakout series Body of Proof, David Buckley’s score for the Peabody Award-winning The Good Wife, Rob Simonsen’s and Mark Morgan’s music for Blue Bloods, Steve Jablonsky’s score and Danny Elfman’s theme for perennial favorite Desperate Housewives, Jace Everett’s theme and Nathan Barr’s underscore for HBO’s wildly popular True Blood and Rolfe Kent’s theme and Daniel Licht’s score for Dexter, all contribute to the programs’ lofty ratings. Additionally, Dave Pierce won a prime time Emmy for Vancouver 2010 Olympic Winter Games Opening Ceremony, and BMI composer Alex Wurman won for the much acclaimed Temple Grandin.

Vladimer Podgoretsky was named the BMI/Jerry Goldsmith Film Scoring Scholarship recipient at UCLA Extension, while Berklee College of Music awarded Pablo Gomez Trujillo its BMI Film Scoring Scholarship, which was presented by legendary BMI composer Alan Silvestri during BMI Day at the school.

INTERNATIONAL

BMI’s catalog continued to charm listeners in countries all over the world, while numerous foreign-based songwriters and artists also enjoyed success in the coveted U.S. market. Lady Gaga led the BMI charge overseas, landing the top three most-performed songs in international markets: “Poker Face,” “Bad Romance” and “Just Dance.” Black Eyed Peas and Michael Jackson rounded out the top five, illustrating the combination of cutting-edge contemporary and timeless classic that makes BMI’s roster and repertoire so valuable. Taylor Swift, Pitbull, Ke$ha, Jason Derülo, Kings of Leon and Pink also contributed some of the world’s most popular hits, as did Aloe Blacc, Rihanna, Cee Lo Green and Jennifer Lopez.

BMI composers also helped fuel the success of another in-demand U.S. commodity: television series. Navy NCIS, Numb3rs, The Smurfs and The Mentalist each garnered legions of viewers around the world and featured original music by BMI composers. Movies remained America’s other beloved entertainment export. Sex and the City, featuring music by BMI composer Aaron Zigman, and Alice In Wonderland, with a score by BMI composer Danny Elfman, continued to draw audiences, while new films such as Tangled, with music by Alan Menken; Fast Five, featuring a score by Brian Tyler; The Chronicles of Narnia: The Voyage of the Dawn Treader, which relies on music by recently crowned BMI Icon David Arnold; and Black Swan, featuring an innovative score by Clint Mansell, all filled theaters across the globe.

From ubiquitous pop stars to brilliant composers, BMI’s steadfast vanguard of creators enriched and expanded BMI’s international reputation as the home of the world’s most dynamic creators and timeless songs.
Technological Advances & Operational Efficiencies

BMI’s global leadership role in rights administration is centered on the company’s ability to leverage technology and deploy efficiencies that strengthen its commitment and level of service to both affiliates and licensees. During fiscal 2011 BMI embarked on an accelerated program to update the company’s overall technology infrastructure and evaluate business processes to better prepare for the expansion in digital and mobile technologies.

BMI LIVE
In January 2011, the company launched BMI Live, a program enabling performing songwriters to register their concerts and set lists online to be considered for payment in live music venues, regardless of size. BMI Live allows songwriters to input their tour information for concerts and receive royalty payments in the quarterly distributions. A mobile version of the program was made available in April, enabling participants to upload concert-venue and set-list data directly from their smartphones into BMI’s systems. BMI Live allows the company to pay more songwriters than ever while offering the potential for increasing the number of licensed venues.

Response to the program has been extremely positive, as thousands of songwriters have signed up since its launch, uploading set lists to qualify for royalty payments. The first payments for the program were made in the June 2011 distribution, with many of the participants receiving their first-ever performing-right royalties.

WORKS REGISTRATION
During the past year, the company began programming to re-engineer the systems associated with works registration and maintenance. The fundamental aim of this project is to re-engineer all business processes related to the receipt and registration of works and convert the computer systems to updated, leading-edge technology, thereby maximizing functionality and automation, and enhancing research tools so that increasing volumes of incoming registrations and revisions can be managed in an accurate, timely and cost-effective manner.

A program was developed to locate and process pending electronic work registrations so that performances of those works are not missed due to what otherwise would be late registrations. This process has helped to reduce the number of royalty adjustments needed due to late registration.

In fiscal 2011, a total of 608,065 new works were registered, 97% of which were submitted electronically. This represents a 33% increase in works registered over the previous year.

INTERNATIONAL OPERATIONS
The CISAC Board of Directors recently approved the development and delivery of customized publisher access to the CIS-Net Musical Works Information (MWI) system. The CISAC Society Liaisons Group, which is currently chaired by BMI, is in consultation with publishers on defining their business requirements for this system.

BMI continues to lead the FastTrack AV Index (a global list of audiovisual works) Integration project, which will automate all existing manual tasks of AVI administration. It will also afford cost savings for the company’s TV Operations department in resolving AVI submission conflicts as well as reducing BMI’s contribution to AV Index maintenance costs by an estimated 25% annually.

WRITER/PUBLISHER ADMINISTRATION
During fiscal 2011, BMI affiliated over 48,000 new writer and publisher accounts. More than 44,000 new writers signed up during that period with 96% of the writer applications received and processed through the paperless online affiliation tools.

The rate of new publisher affiliations was up 1.5% from fiscal 2010, with more than 3,500 new accounts in place, while the number of administration agreements processed increased 17% to 1,138. In addition, 38,655 address changes were completed last year, with 61% processed through the online change-of-address application.

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Protecting Copyright

LEGAL ACTIONS

Litigation is one of the ways by which BMI’s Legal department protects copyright and, in particular, the company’s repertoire. Copyright infringement litigation is commenced against business establishments that refuse to enter into a BMI License Agreement when that business publicly performs music in the BMI repertoire. The Legal department commenced to commence copyright infringement suits during the fiscal year ending June 30, 2011, and, in fact, the number of such suits increased over the prior fiscal year.

Additionally, a major avenue used by the Legal department to protect the value of the BMI repertoire is through litigation in the BMI Rate Court, which exists to set reasonable license fees and terms in the event BMI and its licensees cannot agree on the terms of new license agreements. While, in most situations, BMI has been able to negotiate reasonable license terms, there are instances in which BMI and users of BMI-licensed music have utilized the rate court route when impasses in negotiations have occurred.

During fiscal 2011, two major rate-court proceedings continued to wend their way through the BMI Rate Court. In 2009, the Television Music License Committee filed a petition to set reasonable final license fee rates and terms on behalf of those local television stations that it represents for the period beginning January 1, 2005. The TMLC requested an adjustable form blanket license in addition to a per-program license agreement. BMI submitted its response to the TMLC’s filing and pre-trial discovery is underway. At issue is whether BMI must offer an adjustable form blanket license to local television stations. The issue was submitted to Judge Louis Stanton, BMI’s Rate Court Judge, who ruled that BMI did have to offer such a license. BMI has appealed Judge Stanton’s decision for review by the Court of Appeals for the Second Circuit and it is anticipated that this will be heard in the fall of 2011. With respect to the trial of the rate case itself, it is anticipated that a trial in this matter will start spring 2012. A decision of the Court will be retroactive to January 1, 2005.

On January 12, 2010, the Radio Music License Committee (RMLC) filed a request for the BMI Rate Court to set reasonable final license fees and terms for those radio stations it represents for the period commencing January 1, 2010. BMI agreed to interim industry license fees to be paid to BMI in the sum of $192+ million for those stations represented by the RMLC. When rendered, the Rate Court’s decision with respect to final license fees and terms will be retroactive to January 1, 2010. In addition to those stations represented by the RMLC, a large number of stations agreed to be bound by either a final rate determination made by the Court or any settlement between the RMLC and BMI. Pre-trial discovery has commenced and will continue through 2011. The trial in this matter is not expected to start before winter 2012.

During fiscal year 2011, proceedings pending before the BMI Rate Court included the commercial music service DMX, which concerned the establishment of an adjustable blanket license fee. After a full trial, Judge Stanton issued his decision on July 26, 2010. While the decision contained some favorable rulings for BMI, overall, it was not favorable. Since BMI believes that Judge Stanton’s decision was flawed, BMI appealed to the federal Court of Appeals for the Second Circuit. On June 16, 2011, the appeal was heard before a panel of three judges. We await the Court’s decision.

In a rate proceeding involving ASCAP, Judge Conner, the ASCAP Rate Court Judge at the time, ruled that downloads of music did not implicate the public performing right. ASCAP appealed that decision to the federal Court of Appeals for the Second Circuit. After argument, the Court of Appeals sided with Judge Conner. The Second Circuit’s decision inserts a new requirement of “contemporaneous” or “simultaneous” perception into the Copyright Act’s definition of a public performance. This new requirement imposed by the Court, which appears nowhere in the Act or in earlier case law, adversely affects BMI. ASCAP is seeking a writ of certiorari to the U.S. Supreme Court so that this issue can be heard by the nation’s highest court. BMI has submitted an amicus brief urging the Supreme Court to hear this case.

LEGISLATIVE ISSUES

BMI was active on a variety of public policy issues affecting copyright law during the past fiscal year, continuing its efforts to prevent any erosion of the public performing right and ensure that our songwriters, composers and music publishers are fairly compensated for their creative efforts. A number of bills introduced in the past year have the potential to impact BMI and its affiliates.

The Protect IP Act, which aims to reduce piracy of copyrighted works in the online environment, is a primary focus of this year’s copyright agenda. Senator Patrick Leahy (D-VT) introduced the Act to authorize the Attorney General or an intellectual property rights holder harmed by an Internet site dedicated to infringing activities to commence an action against that site or its owner. In May of 2011, the Senate Judiciary reported favorably on S. 968, with an amendment containing a provision that would allow organizations like BMI that
represent the rights of copyright owners to bring actions.

Resolutions supporting the Local Radio Freedom Act, which proposes that Congress should not impose any new performance fees or taxes on local radio stations, have been introduced in both the House and the Senate again in the 112th Congress. While the House version has been referred to the Judiciary Committee, they currently have no plans to move the resolution. The Senate version, sponsored by Senator John Barrasso (R-WY), has been referred to the Senate Commerce Committee.

Streaming bill S. 978, which creates criminal penalties for the infringement of copyright’s exclusive rights (including the public performance right), was reported out of the Senate Judiciary Committee on June 20. Senators agreed to enter a colloquy into the record agreeing to work on the legislation prior to floor consideration to alleviate the concerns of the cable industry. The House is expected to address the issue as well, and it’s possible they could attach it to their version of the Protect IP Act.

A number of bills have been introduced that address the FCC’s Net Neutrality regulations. One is an attempt to address the issue of whether the FCC should possess such oversight via the appropriations process (i.e. prohibiting the FCC from using appropriated funds to carry out the order). Another bill’s approach attempts to overturn the FCC’s oversight through Congressional Review (under the Congressional Review Act). A resolution of disapproval and removal of the force and effect of the FCC’s Open Internet Order (Net Neutrality Regs) passed the House on April 8. An identical version has been introduced in the Senate but has not gotten traction in that body. Regardless of Senate inaction, the issue of Internet access will be of continued interest to members of Congress.

INCREASING VISIBILITY & AWARENESS
BMI’s Government Relations department has continued to build and strengthen a relationship with Victoria Espinel, the United States Intellectual Property Enforcement Coordinator. In doing so, BMI was instrumental in securing Ms. Espinel to attend the CISAC World Copyright Summit in Brussels, Belgium in June 2011. Ms. Espinel was a featured keynote speaker and presented the U.S. goals in combating piracy to the conference.

The department continues to create new relationships in the DC area with the Department of Education, ThanksUSA, and the Chamber of Commerce. In November 2010, BMI successfully produced a “Register Now!” event at the Library of Congress, showcasing D.C.-area songwriters in tandem with a demonstration of how songwriters can register their works online with the Copyright Office.

As a Founding Member of the Copyright Alliance, BMI continues to develop strong ties to the copyright community and maintain a strong presence in the D.C. area. BMI’s D.C.-area songwriter Gordon Daniels and his band, Lucky Dub, performed at this year’s Copyright Alliance reception to welcome new members of Congress and their staffs.

In keeping with its efforts to develop and maintain strong relationships with key legislators and government officials, the Government Relations department hosted a Town Hall for Congresswoman Marsha Blackburn and FCC Commissioner McDowell at BMI Nashville and a fundraiser for Congressman John Conyers in May at the BMI New York office. Both legislators are strong defenders of copyright and friends of BMI.

GRASSROOTS EFFORTS
As part of its ongoing efforts to educate legislators about BMI’s mission and the important role it plays in protecting creators’ rights, the Government Relations department distributed a revised and updated edition of its Congressional brochure to freshman members of Congress.

BMI continued to take on a leadership role in the DC area, sponsoring the Washington Area Music Association’s WAMMIE awards and launching the
BMI Songwriters Showcase at the Hard Rock Café in Washington, D.C.

INTERNATIONAL ISSUES
BMI continues to be active in various positions at CISAC (International Confederation of Societies of Authors and Composers). BMI submitted a National Report for the United States, the purpose of which is to advise CISAC and the members of the CISAC Legal Committee of major U.S. copyright cases and pending U.S. legislation that impacts copyright.

During fiscal 2011, the European Commission (EC) continued to place pressure on European societies to compete with one another in the area of licensing online, cable and satellite transmissions in the European Economic Area. While BMI had taken the lead and attempted to suggest a way forward for the European societies, they are attempting to resolve their own problems in their own way. The Legal department reviewed various proposed solutions from both U.S. and European legal perspectives. BMI, as a leader in technology, has continued to lead the way to a possible solution that is acceptable to the EC, creators, as well as the European societies. We are constantly monitoring the situation in Europe so that the interests of BMI’s songwriters, composers, and music publishers will be protected.