Request for Comments on Department of Commerce Green Paper, Copyright Policy, Creativity, and Innovation in the Digital Economy

Docket No. 130927852-3852-01

COMMENTS OF THE AMERICAN SOCIETY OF COMPOSERS, AUTHORS AND PUBLISHERS


Introduction

ASCAP, established in 1914, is the oldest and largest performing rights organization (“PRO”) in the United States. ASCAP licenses, on behalf of nearly 470,000 composer, songwriter and music publisher members, the right to perform publicly the many millions of copyrighted musical works in its vast repertory, which encompasses every musical genre, including pop, jazz, rock, classical, movie/television composition, country and urban. ASCAP’s
members include music luminaries ranging from George Gershwin and Irving Berlin to Madonna, Bruce Springsteen and Garth Brooks. However, most of ASCAP’s songwriter and composer members are essentially small businessmen and women who make their living writing music, relying heavily on the royalties collected and paid to them by ASCAP.

ASCAP grants public performance licenses to a wide range of users, including, for example, television and radio broadcasters, cable programmers and system operators, live concert producers, hotels, nightclubs, universities, municipalities, libraries and museums. As new means of technology have been created to transmit music, ASCAP has sought to offer new forms of licenses appropriate to these mediums. Indeed, ASCAP became the first PRO to offer a license for online performances of its members’ works. Since then, ASCAP has developed licenses for all forms of digital and online performances including streaming services, ringback tone services, mobile services and digital applications. Ensuring the proper and efficient licensing of ASCAP members’ works performed online has therefore become an important and crucial focus for ASCAP.

Considering that the livelihood of ASCAP’s songwriter and music publisher members depends on a strong and robust copyright law, ASCAP has a keen interest in the Task Force’s proceedings. ASCAP has shared its views regarding issues of importance to its members and appreciates the opportunity to participate further and continue working with the Task Force as it continues its study.
Issues of Concern to ASCAP and its Members.

Music, more than any other type of creative work, has been at the forefront of the copyright debate. Not a day passes without an article or news segment relating to the issues surrounding the intersection of music, technology and copyright. Often at the heart of these issues is a focus on the proper development of a successful music licensing marketplace in the digital age. The Task Force demonstrated its appreciation of this fact in its support for Congressional attention to music licensing. The Notice does not focus on music licensing, but rather on five distinct issues. However, music licensing is directly relevant, or of paramount relevance to, each of the five topics on which the Notice seeks comments.

While ASCAP licenses only the public performance right, its members have sound interest in how their other rights -- reproduction, distribution, creation of derivative works -- are affected through online and other digital usage. To that extent, ASCAP supports the comments filed by the National Music Publishers Association on the noticed issues regarding remixes, first sale, statutory damages and the operation of the DMCA notice and takedown system. ASCAP supplements some those comments further below.

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At the outset, ASCAP wishes to underscore that this nation’s copyright law is bound to further to Constitutional objectives of promoting the “progress of science and useful arts.” U.S. Constitution, Art. 1, §8, cl. 8. These objectives are met by ensuring a strong framework that encourages continued creative production by, in part, ensuring the creators the ability to control, and receive fair remuneration for, the use of their original works. As the Supreme Court explained:
The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in ‘Science and useful Arts.’ Sacrificial days devoted to such creative activities deserve rewards commensurate with the services rendered.” *Mazer v. Stein*, 347 U.S. 201, 219 (1954).

While the Internet age has provided for an easier, or more efficient, manner by which works can be created and disseminated, the core principles underlying this country’s copyright law remain unchanged. Accordingly, we submit that the first and fundamental question to be asked is not whether the current legal framework for these issues requires adjustment, but whether and how current and future marketplace solutions can best serve to meet the interests of creative and user communities.

By way of example, it took years of litigation under current copyright law – leading to the Supreme Court *Grokster* decision – for the marketplace to adjust and respond to new online digital music distribution technologies resulting in the creation of dozens of legal and successful content services. The Copyright Act did not require further adjustment to meet those recent distribution technologies; rather, marketplace solutions were able to develop and adapt to technological changes.

Of course, where marketplace solutions are hampered by the law or otherwise, a fresh outlook may well be necessary. The issue of orphan works is a prime example. By definition, orphan works are those works for which it is impossible to achieve a marketplace solution, by virtue of not possessing the necessary copyright owner and work information necessary to create a marketplace. The Task Force properly understood that this marketplace failure cannot be adequately addressed through current copyright law, and Congressional or other remedial action may in such case be appropriate.
The Task Force likewise recognized that the current music licensing environment displays marketplace failures and remedial improvement is necessary. Such was the case when Congress enacted the Digital Performance Right in Sound Recording Act and the Digital Millennium Copyright Act; the copyright law at such time, to the detriment of music creators, was not sufficient to permit a marketplace providing remuneration to creators for digital transmissions of music. ASCAP does not concede that the current system is completely “broken.” Indeed, ASCAP’s blanket license has been oft-heralded as a solution to the difficulties inherent in online licensing. And, as discussed below, the musical works industry is the single industry where access to licensing information is readily available and no orphan works issue exists. However, a confluence of factors has provided a marketplace that, as the Green Paper attests, many have deemed to be dysfunctional.

**Online Music Licensing Environment**

The Green Paper describes the multiple steps legal content services must take to ensure proper licensing of the multiple rights affected by their technology. See Green Paper, at 82-85. Currently, a structure is in place that provides for a complex navigation that is difficult for music users, leaves licensing gaps, and that ultimately provides unfairly low and inadequate remuneration to songwriters and music publishers. The Task Force recognized that in this area, current law may not properly reflect Constitutional objectives. If the current system cannot provide a mechanism by which a fair market can be achieved -- and it appears that it cannot -- it must be addressed.
Impediments to the Functioning Online Marketplace.

Songwriters and publishers have been hampered by a compulsory license (for “mechanical” reproductions) and a consent decree rate court process (for performing rights) that have resulted in an environment in which music users have an almost unfettered ability to use copyrighted songs, but do so without paying a fair and adequate price.

ASCAP and BMI operate under outdated consent decrees (in ASCAP’s case over 70 years old) that impose upon the PROs various requirements and prohibitions that have failed to adjust to the current business landscape. While the decrees appear to achieve efficient licensing mechanisms by obviating the need to negotiate separately with each of thousands of copyright owners through the use of the blanket license, they ultimately do so in a manner that devalues the rights of songwriters and music publishers. Users may receive the right to perform (but not reproduce) the millions of musical works in ASCAP’s repertory simply by asking, but can do so often without paying a fair market fee that takes into account the full value of the uses made under the license. No specific rate standards have been dictated to the ASCAP rate court that serves as a gapstop measure should ASCAP and a user not agree upon license rates. Moreover, the rate court is not permitted by law to take into account all relevant market data points in setting fees. See 17 U.S.C. §114(i). This leads to absurd results that negatively affect songwriters and music publishers. For example, non-interactive streaming services paying fair market fees to owners of sound recordings under the Section 114 compulsory license (which

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1 ASCAP’s decree requires ASCAP to offer a Through-to-the Audience blanket performance license to a music user upon request. ASCAP’s blanket license may only cover the non-dramatic public performance right; ASCAP is prohibited from licensing mechanical or other reproduction rights. A music user need not pay any fee under the license until a final or interim fee can be negotiated. If the parties cannot agree upon the license fee, then ASCAP and the user must resort to a special ASCAP rate court that sets the interim or final fee. The ASCAP Consent Decree is available at http://www.ascap.com/~media/files/pdf/members/governing-documents/ascapafj2.pdf.
possesses a fair marker rate standard) pay songwriters and music publishers for such performances in the order of only 8% of the fees paid to owners of sound recordings.

Furthermore, those services are unable to look to ASCAP to provide a license for attendant mechanical reproductions made in the course of transmitting works. ASCAP’s consent decree prohibits ASCAP from granting bundled licenses that provide both rights. The users may, however, look to the Section 115 compulsory license for such mechanical rights. However the rate setting mechanism under Section 115 does not provide for fair remuneration to songwriters and music publishers. While the law requires the adjudicating body, the Copyright Royalty Board, to assess certain factors in setting the Section 115 rates, it does not impose a willing-seller willing-buyer fair market standard. 17 U.S.C. Section 801(b)(1). As a result, owners of sound recordings have been able to negotiate and collect fair market fees for their sound recordings that are many times the amount publishers and songwriters collect under Section 115 for the same musical composition. In order to approximate a working marketplace, this must be remedied.

ASCAP’s blanket license clearly offers an efficient means by which a music user can legally use a significant repertory of music – particularly online services that make use of many thousands of unique works and must clear millions of unique transmissions. Indeed, collective licensing has often been heralded as a potential solution to the problems of licensing in the digital age. Similarly, many commentators have pointed to the compulsory license system as a means to resolve marketplace failures. The Task Force should be reminded that where these options may serve as part of a larger array of licensing solutions, they should not stand as an impediment to a functioning marketplace. The examples set out above evidence that even mechanisms instituted as a means to advance licensing, if left unchecked, can lead to a breakdown in the marketplace.
Government Role in Improving the Online Licensing Environment

The Task Force correctly concludes that in order to have a functioning marketplace, there is a need for “comprehensive and reliable ownership data, interoperable standards enabling communication among databases, and more streamlined licensing mechanisms”. Notice at 61339. The music industry has understood this for some time. ASCAP and other music rights holders and licensing organizations have long been devoted to ensuring that proper interoperable ownership data exists on a global basis.

ASCAP, other PROs and music organizations maintain extensive databases of copyright information, as well as contact information for their respective affiliates and members, which creators and music users can freely access at any time and without charge to determine where to obtain rights and clearances. These musical works databases are invaluable resources for those seeking to use musical works. Often the first stop for rights and clearance information, ASCAP maintains information on virtually all copyrighted musical works, and up-to-date contact information for the overwhelming majority of works, allowing potential creators and music users to contact and seek appropriate license for any uses of musical works.

Moreover, for decades now, the PROs around the world through their participation in the International Confederation of Societies of Authors and Composers (known as “CISAC”), a global trade association of collecting right organizations, have worked to develop “Common Information Standards” for the maintenance and exchange of information regarding their musical

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ASCAP offers copyright information through its ACE database (“ACE”), located at http://www.ascap.com/ace. ACE is a database of all song titles licensed by ASCAP in the U.S. that have been performed and have appeared in any of ASCAP’s domestic performance surveys, and includes copyrighted arrangements of public domain works and foreign compositions licensed by ASCAP songwriters, including co-writers who are either affiliated with other PROs or not affiliated with any organization; the names, contact persons, addresses, and phone numbers of publishers or administrators of the works; and the names of performers who have made commercial recordings of the works.
works repertories, including agreed upon protocols and unique numbering systems. Most recently, certain of the larger PROs are funding the design of a Global Repertory Database (“GRD”) will provide a “central, authoritative, multi-territorial source of the global repertoire of musical works copyright metadata,” that will further assist music services in identifying (and properly compensating) the copyright owners of musical works. Attached is an appendix describing in more detail the practices and efforts of PROs to maintain and link their databases, and the GRD.

Accordingly, considering the advances made by ASCAP and others in developing comprehensive databases, we believe that governmental or other private initiative to maintain a musical works database or common information system is not warranted, and may even interfere with current undertakings by the music industry.

Legal Framework for Remixes.

ASCAP agrees with other commentators who believe that legislative remedial action is unnecessary with regard to the issue of remixes. All remixes -- whether samples, mash-ups, or user-generated content -- are “derivative works” as defined by the Copyright Act. To the extent a copyright owner wishes to deny or permit the right to utilize their work, they should continue to have the exclusive right to do so. The intersection of creativity and derivative usage is a not new concept, and current copyright doctrines traditionally used to balance the two -- such as substantial similarity, de minimus usage and fair use -- are adequate to address users’ rights in the digital age.

Moreover, considering the financial benefit to copyright owners for the use of their works, marketplace solutions will be created, if they do not exists already, to address licensing
concerns. For example, years ago third party clearance entities were created to address the widespread practice of digital sampling.

Finally, it should be stressed that marketplace negotiations are important in maintaining proper ownership and royalty data. For example, ASCAP is able to determine proper ownership of derivative works, such as unique arrangements of pre-existing songs, and crediting for their use, only by virtue of the parties’ agreement and informing ASCAP of the proper share division and allocation. Without that agreement, ASCAP would not know how to properly register and credit those works.

**Statutory Damages**

ASCAP does not believe that any legislative action is necessary or appropriate with regard to the availability of statutory damages for file sharing, large scale secondary infringers in the digital environment or otherwise. Statutory damages have been enacted as a means to redress infringement when determining actual damages is difficult or impossible. As, if not more, importantly, they serve as a deterrent to ensure that rampant infringement does not occur. Limiting statutory damages would lead to a “use now ask never” behavior when the only downside of getting caught is a light slap.

Congress understood that as each case of infringement is fact specific, a range of acceptable statutory damages, rather than a formulaic imposition, would allow judicial flexibility. Small infringers receive penalties in proportion to their activities. The awards made against individual file-sharers have taken into account the intentional and provocative behavior of the defendants. However, for large scale infringement, particularly for those businesses built on infringement, the availability statutory damages is often the only remedy left to copyright
owners. The respite given to guilt-free service providers is the DMCA safe harbor. Additionally limiting statutory damages would leave a copyright law lacking bite, providing the incentive for the building of businesses upon infringement.

The issue of statutory damages does not require a re-examination at this time.

Operation of the DMCA Notice and Takedown System

ASCAP supports a full re-examination of the existing DMCA Notice and Takedown System and applauds the Task Force for opening the dialogue. The Green Paper describes the failings of the system. Clearly, the system must undergo significant modifications if it will have any use in protecting the rights of copyright owners online.

The DMCA places the burden of policing for infringing activity solely on the shoulders of copyright holders, many of which are unable to ensure that their rights are not being infringed upon online. As the law stands, and particularly on the heels of a number of recent court decisions, ISPs have little incentive to unilaterally seek to lessen infringement such as by voluntarily using standard filtering techniques that are readily available and easily implemented and that would greatly reduce both the burden on copyright owners and copyright infringement. While the system was intended both as a means for copyright owners to enforce their rights, it was also intended as an incentive for copyright owners and ISPs to work together to combat copyright infringement.

ASCAP is hopeful that the Task Force can move the dialogue forward. ASCAP points to the various working groups comprised of copyright owners and users, that have over the years been able to work together to create accepted guidelines that covered a range of uses. For example, guidelines (not having the force of law) were created to address copying by teachers for
classroom use, copying of music for educational purposes, the recording of educational broadcast material and educational multimedia use. ASCAP believes that until legislative fixes are instituted – and they should be – a working group be created to develop industry guidelines going forward to ensure a workable and useful system accessible, usable and affordable to both large and small copyright owners.

Respectfully Submitted,

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3 See Agreement on Guidelines for Classroom Copying in Not-for-Profit Educational Institutions, contained in H.R. REP. NO. 1476, 94th Cong., 2d Sess. 47, 68-74 (1976); See Guidelines for Educational Use of Music, Id. at 70-71; The Conference on Fair Use ("CONFU"), Final Report to the Commissioner on the Conclusion of the Conference on Fair Use, November 1998.
APPENDIX: OVERVIEW OF PROs DEVELOPMENT OF GLOBAL DATABASES

The performing right organizations (“PROs”) have for decades worked on developing protocols for exchanging information about the ownership of musical works under the aegis of the International Confederation of Societies of Authors and Composers (known as “CISAC” – based on the acronym for its French name, Confédération Internationale des Sociététés d’Auteurs et Compositeurs), a global trade association of collecting right organizations. The PROs have been driven to do so given the extensive means by which individual musical works are used and performed through all types of media and platforms worldwide. It is absolutely crucial for the PROs to carry complete and accurate databases, maintained under agreed standards, listing the musical works, writers and owners which they represent in their territories to enable the licensing of such works by music users as well as accurate distribution of royalties paid under such licenses.

While we do not expect that these database systems, which the PROs have created, would or could be replicated fully or easily for other types of copyrighted materials, we hope to illustrate how an industry can work jointly to ensure that proper ownership information is uniform and available. Set forth below is a high level summary of some of the procedures that have been adopted by PROs, as well as their present work on designing a Global Repertory Database (the “GRD;” also sometimes referred to as the “GRDB”).

A. IPIs: How Writers and Publishers are Identified

Upon joining a PRO, the writer (all songwriters, composers and lyricists are hereinafter referred to as “writers”) or music publisher member discloses to that PRO its full contact and other personal information that the PRO might find relevant and necessary to pay the writer or publisher royalties. The PRO keeps this information confidentially in its own proprietary and confidential membership database. No other PRO has access to the non-public, personally identifying, and confidential data or membership database of any other PRO. However, because PROs must know which musical works are licensed through which PROs in order to properly distribute both domestic and foreign royalties, all the PROs worldwide have adopted a system of uniform number coding used to link musical works with their writers and owners and their PRO affiliation. As noted, this system is overseen by CISAC.

CISAC has over 230 societies, as either full, associate and provisional members, in over 120 countries, which collect for creators or “authors” of musical, literary, audiovisual, graphic and dramatic works, with the majority being collecting societies for musical works. See www.cisac.org. One of CISAC’s “essential purposes” is to co-ordinate the technical activities of collecting right organizations. To that end, CISAC’s societies have worked to develop a “common information system” or “CIS,” the purpose of which is to introduce, develop and maintain: (i) standards for the efficient distribution of royalties (“CIS Standards”); and, more importantly for our purposes, (ii) databases which enable members to share information based on the CIS Standards. Referenced therein are several standards, which are discussed in greater detail below, including the “IPI” (interested party identifier), the “ISWC” (the international standard work code for musical societies) and CIS-Net (the network of databases used for
referencing data on musical works, which allows for cross-referencing of ISWCs to IPIs, including unique PRO codes).

Once a writer’s or a publisher’s membership in a PRO is accepted, the PRO will apply for a unique IPI for that unique member. The function of an IPI number is the de facto international identifier of that person or entity and link to its PRO of affiliation by territory. It is the IPI that is thereafter associated globally with the writer of the work and the work’s publisher (on a territorial basis), even if his, her or its society of affiliation may change. If, for example, a writer resigns from ASCAP and joins BMI, he or she retains the same IPI.  

While the PRO itself retains detailed information regarding its members and affiliates in its own confidential databases, the IPI database contains only limited identifying information regarding the writers and publishers, limited to the name of the writer or publisher, its affiliated PRO, date of birth and nationality. The IPI database does not contain the writer’s or publisher’s address, residence or contact information, the identity of any assignees, or in the case of a deceased writer, his or her heirs. However, the IPI database is accessible by all PROs, as well as certain music users, as part of a network of databases with musical work information known as CIS-Net, as overseen by CISAC.

Standing alone, the IPI database serves merely to list centrally all writers and publishers that are members of PROs to permit such writers and publishers to be identified internationally by a specific code number; it is only when the IPI is used in connection with other data that is has the utility, for example (and most importantly) to connect writers and publishers with the musical works they have created, as explained below.

B. ISWCs: How Musical Works are Identified

Every musical work, whether a song, classical composition or television soundtrack cue, has been written by one or more writers, who divide their interests in their work by an agreed-upon percentage. These writers typically, but not always, assign their copyright interests in the work to one or more music publishers, generally in the same fractional ratio; sometimes a writer will retain some share of ownership as a “publisher.” The writers of a specific work will, of course, never change once the work is written, whereas publishers of works sometimes change when they sell their works to other publishers, writers terminate their contracts with publishers and take back their publishing interests, give their copyright interests to another publisher and/or authorize another publisher to administer their works.

The writer and publisher share data regarding a musical work (i.e., who wrote and published a work) is unknown to PROs until the creators of the work – the writer(s) and/or

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4 Those writers that work under various pseudonyms will obtain a “Base IPI number” and separate sub-IPI numbers for each pseudonym. The pseudonym sub-IPIs will automatically link to the Base IPI, such that usage of any of the writer’s sub-IPIs will refer back to the Base IPI. This ensures that works authored by one writer under various pseudonyms will all link back to the same writer and the writer’s PRO of affiliation.

5 In the case of foreign PROs, however, the writer remains with the foreign PRO – typically having given it an exclusive right to license – and whatever changes may take place vis-à-vis the writer’s publishing relationship, the new publishing relationship would still run through the foreign PRO.
publisher(s) – publicize that information. This publication is accomplished through registration
processes operated by each PRO separately. Members of a PRO are required to register their
works with their PRO for inclusion in that PRO’s own title database. The title registration will
contain the identities of the writers and the publishers (updated as necessary), the appropriate
fractional shares and affiliated PROs of each. Once registered by a PRO member, the work
becomes a part of that PRO’s repertory. Many PROs maintain free, publicly searchable
databases of the works which they represent in their territories; ASCAP’s is known as ASCAP
Clearance Express or ACE, and is available through ASCAP’s website, at www.ascap.com/ace/
BMI’s database is available at www.bmi.com; and SESAC’s is available at
http://www.sesac.com/Repertory/Terms.aspx. By virtue of these searchable title databases, any
member of the public can peruse the vast repertories of the U.S. PROs, which together contain
practically the entire U.S.-based copyrighted song repertory, as well as the works of foreign
PRO members as represented by ASCAP, BMI and SESAC here in the U.S.

To ensure, however, that the entire world musical works repertories are aligned, works
registration follow CISAC-agreed registration standards, referred to as “Common Works
Registration” standards, and which in turn allow for obtaining a unique “ISWC.” Much as each
PRO member is given a unique IPI code to identify the member in a standardized manner, each
musical work is similarly given a unique international work code, known as the ISWC, to
identify that work internationally in a standardized manner.

The PROs, through CISAC, make their musical works title database information
accessible through the CIS-Net. In this way, PROs all access the CIS-NET, and thereby have
access to a connected listing of all works by ISWC and all writers/publishers by IPI. Of course,
again, the information a PRO makes available regarding a work – as available on CIS-Net – does
not contain any contact information. The contact information for the copyright owners is
available at the PRO level, on their publicly available databases. If a member of the public
wishes to determine who is the copyright owner of a particular work, it need only contact (or
search the databases of) the PRO with which that owner is affiliated. The PRO can advise a user
whether the work is indeed in its repertory, and how to contact its copyright owner, or by
utilizing the CIS-NET direct the user to the proper PRO who can advise the user of the copyright
ownership information. The key point as that because of the CISAC CIS-NET systems, all
PROs worldwide access uniform information regarding tens of millions of copyrighted works
worldwide. Moreover, because of the worldwide access to the same databases, which are used to
ensure full and accurate distribution of royalties, the PROs have the ability and incentive to
ensure that the data is the CIS-NET is complete and accurate. Each PRO routinely reviews the
data therein, particularly to complete information for any “unidentified” works.

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6 It should be noted that some PROs have a legal requirement to make its list of members and repertories
publicly available. See, e.g., Section X of the ASCAP Consent Decree at

7 CIS-Net is actually a network of database nodes, including individual PRO database nodes and multi-
society nodes. A work may appear in multiple nodes, but the information that is considered authoritative is always
the one that can be found in the PRO’s node affiliated with the work’s writer(s) and publisher(s), or the node of the
group in which that PRO is participating.
C. GRD: The Global Repertoire Database

As explained, CIS-NET, which contains undoubtedly the world’s most comprehensive, interlinked databases of writers/publishers and their works is not searchable by the public directly, nor does it contain contact information of the copyright owners; one must still contact the PROs directly for that information or use their publicly accessible databases. However, a working group was created in December 2009 following certain “Online Roundtable” discussions sponsored and facilitated by the DG Competition of the European Commission. The working group’s role was to consider how a GRD for musical works might be created and deployed to provide access to a single, consolidated source of data which music creators, music publishers, music rights societies and other users can rely on for authoritative, multi-territorial information about the ownership and/or control of musical works, and use such information for licensing purposes.

After a period of study, twelve PROs formed the “GRDDesign SAS,” to employ contractors to design the GRD and lay out its requirements. These societies have already invested substantial sums in the GRDDesign SAS for this purpose. In addition, the GRDDesign SAS is working under a collaboration agreement with representatives of various other international and European based music publisher and songwriter associations, as well as a wide range of the major online and mobile music service providers. It is hoped that through the creation of the GRD, music users and copyright owners will have an even more efficient means of identifying the owners of specific copyrighted musical works and fostering an even more viable online licensing environment.