

Royalty fee 'to damage net radio'

Hundreds of US net radio stations face potential closure from Monday when they will be expected to comply with a new royalties ruling for playing music.

Smaller stations face a payment increase of 1,200% while larger station could owe up to 300% more, lobby group SaveNetRadio has said.

On Wednesday, an appeal court declined to grant a petition by stations to delay the introduction of the new fees.

SaveNetRadio say the fees could cost webcasters \$1bn (£500m).

Earlier this year the US Copyright Royalty Board ruled that royalties should rise from .08 cents per track to .19 cents by 2010 for net radio stations.

The new fees, will charge a flat fee per-song, per-user in addition to a \$500 fee for every channel owned by a station.

The new ruinous royalty rates will be going into effect on Monday threatening the future of all internet radio

Tim Westergren, Pandora

Fees will increase every year until 2010. Previously, stations paid an annual fee, plus 12% of their profits.

The fees will be collected retrospectively for 2006 and webcasters will be allowed to calculate retrospective payments by averaging listening hours.

On Wednesday, the US District Court of Appeals for the District of Columbia said the opponents of the new charges had not "satisfied the stringent standards required for a stay pending court review".

Tim Westergren, who runs net radio station Pandora, wrote to his listeners, warning: "Disaster looms."

He said: "The new ruinous royalty rates will be going into effect on Monday threatening the future of all internet radio."

In a statement, Jake Ward, a spokesperson for the SaveNetRadio coalition, said: "We are disappointed that the Court failed to acknowledge the irreparable and quite frankly, devastating effect these new royalties will have on the Internet radio industry.

"An invoice of more than \$1bn (£500m) must be paid in four days, which is unfathomable for an industry that grossed less than \$200m (£100m) last year."

The coalition has now urged supporters of its campaign to lobby congressmen to back a new bill, the Internet Radio Equality Act, which would bring net fees in line with satellite radio stations.