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WIPO Conversation on IP and Frontier Technologies AI and IP infrastructure

Effective copyright infrastructure works not only for rightsholders and creators, but also for licensees, distributors, and users of copyrighted works. How licensees think about infrastructure to make sure they have lawful access to copyrighted works and are able to bring innovative products to consumers is vital to understanding the role infrastructure can and should play in the AI landscape.

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Providing Licensee Perspective on IP Infrastructure

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NOTES FOR VICKIE NAUMAN'S VERBAL PRESENTATION

Introduction / Context on Licensee View

- My name is Vickie Nauman and my company CrossBorderWorks sits in between music labels, publishers, artists & PROs and technology companies, games, apps, and other adjacent businesses.
- I have been working in digital music since its earliest disruption when I joined one of the first legally licensed services in 2000 called MusicNet that was a JV between Real Networks and three major labels at the time.
- I am a tech enthusiast and a music lover. For 25 years I have worked with licensees from global multinationals to early stage startups to create business models, and license and integrate music into games, virtual reality, virtual worlds, platforms, direct-to-fan apps, telcos, a range of hardware devices including connected speakers, mobile phones and tablets, on demand music services, radio style listening, live streams, ads, online fitness and social networks. I mention this long list to illustrate the breadth of uses.
- Since 2000, we have had many disruptive technologies crash into the music sector first - and this is because there is nothing better than music to make your product or service instantly relevant.
- However, each time new technologies emerge, we also get a new crop of technologists who want music running through their pipes to their consumers but they don't understand anything about music rights

Licensee Perspective - Why Use Music?

Music is costly and risky so why do it?

- **First** - anyone who wants to license music is doing so because they believe their product or service is going to be better with music than without.
 - The right song in an ad or movie makes a scene memorable
 - A game with a creative interactive soundtrack makes gameplay more fun and sets a mood
 - The right playlist for a workout makes exercise more enjoyable
 - A music service without music isn't possible
- **Second** - the benefits of using music must outweigh its cost and risk, and in order to fulfill obligations as a licensee beyond the license grant itself, we all rely on systems and infrastructure.

Music rights and infrastructure are the bridge between licensees and licensors.

Today's Traditional Music Rights

While copyright laws and norms vary in each country, all licensees must understand which music rights are implicated in their product functionality, and clear those rights from stakeholders:

- **Sound Recording rights** -- from labels or artists, each song usually has one but sometimes two owners.
- **Composition rights** -- from publishers, the underlying composition, lyrics, and melody associated with each song - on average we have seven different shared owners of each song's composition.
- **Public performance rights** -- from PROs/CMOs who control the right of the composer and publisher to perform or stream the composition associated with the song.

Data with the above “who owns what” verticals is held in silos and systems around the world, and these systems and data sets are pieces of core infrastructure that all licensees rely on to fulfill obligations, to mitigate risk, to report on usage, and pay out revenues to licensors.

- Some infrastructure comes from private companies who act on behalf of licensees for a fee. Other infrastructure is provided by the licensor stakeholders themselves.
- Our current systems are a very wide ranging mix of old and new, scalable and manual, global and local. While some are effective, we have well documented problems of lack of interoperability and general inability to efficiently match sound recordings with underlying composition rights - resulting in leaky revenue that does not always make its way to rightful owners.

Contrast Traditional vs Generative AI Music

- AI as a tool is forever changing how musicians and songwriters create music
 - Some music may be purely generative and simple text to music
 - Other music will be created more traditionally but also use AI creator tools that enable faster or more prolific creation, further democratize music mixing and mastering, co-writing, and gen AI plug-ins to DAWs (digital audio workstations)
 - Some artists will never use AI or any related tool
- We currently have a lack of global clarity around how copyright laws will impact generative music
- It is possible to have transparent attribution of generative music created thru training - and with attribution, we will have a mix of owners on each song
- However, while generative songs may indeed have “owners”, they do not neatly fall into the recording, publishing and performance categories around which today’s infrastructure is built

Open Issues

- If music is likely to be a mix of human and AI, who sets standards and norms around including or excluding in such shades of gray? Is commingling artist and AI music about quality of the music or the underlying tools used for creation?
- Today's systems are centered around countries, laws and complex rights of master/publishing/performance - even if gen AI music has detailed attribution from training, it's different than what we know now.
 - Do today's systems and tools need to accommodate a range of human/machine creations?
 - Should generative AI music be issued an ISRC code for each song, as traditional recordings do? How else would licensees track?
 - Should broad collectives such as PROs/CMOs be involved in gen AI collections? How would we use ISWCs and registrations if this is non-copyright works?
- If licensees use only traditional music, they must manage risk and adhere to existing recording, publishing and performance systems and structures
 - If licensees only use AI music, then does this require its own infrastructure or no infrastructure?
 - If licensees use a mix of AI music and artist music - and this quality becomes closer over time - do we inadvertently incentivize companies to prioritize gen AI over artist music?

In Conclusion

A HISTORY OF TECH DISRUPTION

- We have had many technologies with disruptive impacts on the music sector -- the drum machine, use of samples, digital distribution, file sharing, constant new digital uses
- During waves of disruption, many new technologists expect a rate card only to find that music rights are complex and risky, that the industry is relationship-driven yet highly transactional, and that each song has two copyrights held by many parties. The usual cry is that copyright law is broken and must be abolished -- however we have been able to adapt copyright laws and bend norms to suit the digital needs over time so I am confident of the ability to do so again

BUT THIS IS A NEW FRONTIER

- As we embark upon the journey of human/AI creation, I believe that music created by artists but using AI tools will still fit into today's infrastructure.
- However, generative AI music that is created out of training pools, is inherently different and even with shared owners, is likely to require new infrastructure and systems.

THANK YOU

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