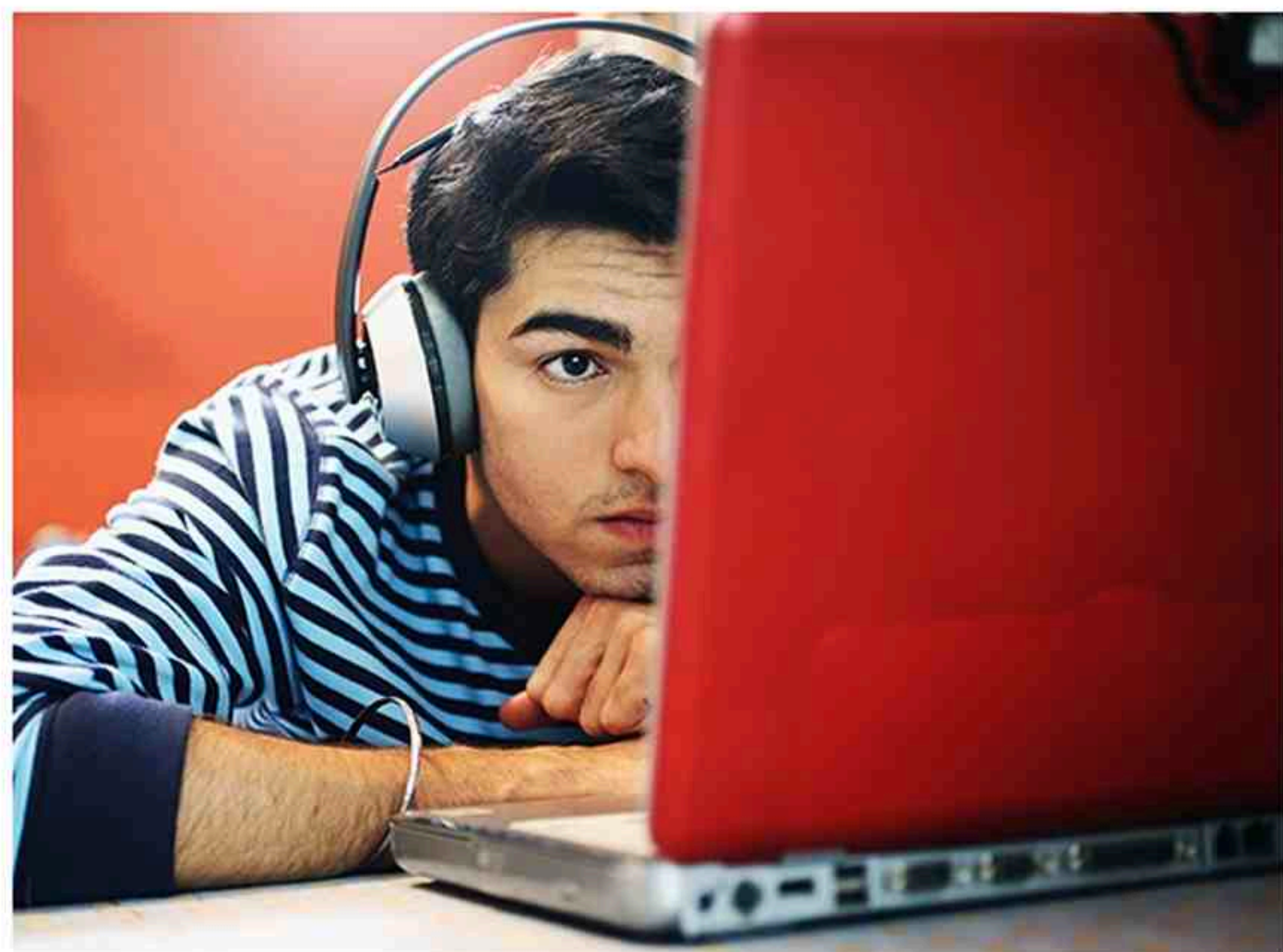




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YouTube Network Machinima Sues Backing Music Firm Over 'Free' License Fees

By Marc Schneider | February 11, 2015 9:27 AM EST



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YouTube multi-channel network Machinima filed a federal lawsuit on Monday alleging that licensing company Freeplay Music is fleecing its roster of content-creators. The suit claims that Freeplay, which licenses mostly background music, is hooking consumers with so-called "free" music and then returning with a hefty bill and threats of litigation. It amounts to a "shakedown," the complaint alleges.

"After luring in unsuspecting consumers with the promise of 'free' music, Freeplay then encourages these consumers to use the music, including in their own YouTube videos," Machinima's complaint reads. "After the consumer follows Freeplay's advice, Freeplay then traps the consumer by demanding that he or she pay outrageous 'license fees' for the use of music that was supposedly 'free.'"

[Inside YouTube's New Tool for Creating Multi-Angle Videos](#)

Another MCN, Collective Digital Studio, filed a similar lawsuit against Freeplay, also in the Central District of California. Both CDS and Machinima are represented by the same law firm, Freedman + Taitelman. Machinima and CDS say that Freeplay's demands for money are sent by another company, TuneSat, which is owned and headed by Freeplay CEO Scott Schreer. Freeplay and TuneSat did not immediately respond to requests for comment on the lawsuits. [Deadline Hollywood](#) was first to report on the complaint.

MCNs act as a talent network to help create, curate and monetize original video content from independent producers. One of the largest and fastest-growing MCNs, Machinima has a YouTube network of over [32,000 channels](#), creating nearly 4 million videos with over 74 billion views. It boasts nearly 440 million subscribers to its channels. German-owned CDS hosts about a [1,000 channels](#) with over 31 billion views and 198 million subscribers.

Started in 2001, Freeplay Music licenses production music for commercial use in television, films, advertising and elsewhere at varying rates. In 2013 it [entered into an agreement with YouTube](#) to provide background music free of charge for personal-use-only videos. On the pricing section of its website regarding YouTube, Freeplay issues the following warning to members of MCNs about using "free" music in their videos:

Freeplay Music reserves the right to "claim" this music with Google and monetize its use on your video. If you would like the ability to monetize your videos or don't want us to monetize your video you need to purchase a license. If you are a Multi-Channel Network managed channel, such uses are considered Business YouTube Uses and a license must be purchased.

For business-use videos on YouTube the listed license runs \$250/year and comes with this warning:

This license is for the use of one track, on one video, to be posted on unlimited URL's for one (1) year. Please read our TERMS OF USE carefully about the restrictions of this license. If you would like the ability to monetize your videos or don't want us to monetize your video you need to purchase a license.

But Machinima and CDS call the "free" music offer a "'bait and switch' followed by extortion" if the content creator does not pay up. A spokesperson for both companies declined to comment on the litigation but told [Deadline](#), "When unscrupulous parties refuse to play by the rules and seek to take advantage of creators, we have and will fight for the community's ability to entertain audiences."