



Digital Rights Awareness

Episode 5

Collective Management and the Implications of Right-holders' Freedom of Choice

Script

Author:

Giuseppe Mazziotti - Coordinator and Principal Investigator of the Fair MusE project



This project is funded by the European Union's Horizon Europe Framework Programme programme, under the Grant Agreement no: 101095088

In our previous episode, we asked who represents you and how much freedom you truly have to decide who manages your rights. This episode takes that question into the heart of collective management, the system that decides who collects royalties for creators, and how that revenue reaches them.

Across Europe, dozens of thousands of music creators rely on collective management organisations (CMOs) to collect their royalties. But today, the landscape is no longer theirs alone. New intermediaries — known as ‘independent management entities’ or IMEs — have emerged.

They promise freedom, flexibility, and innovation. However, do they empower creators, or fragment the system that once ensured solidarity?

Welcome to Episode Five, where we explore how collective management has evolved under European law, and what freedom of choice really means for those who create, perform and produce music.

Traditional Role of CMOs

Collective management arose as a practical solution to a simple problem: no individual composer could license every performance or broadcast of their works. CMOs stepped in to clear rights, negotiate licences, and distribute royalties. For decades, these societies operated as national monopolies, on a country-by-country basis, each representing its domestic repertoire and cooperating through reciprocal agreements with foreign societies.

This model worked in the analogue era — when uses were territorial and easy to track — but began to strain as music moved online and services operated across borders. The European Union responded to new digital realities by reforming the system through the 2014 Directive on Collective Rights Management. Its goal was to harmonise national rules, strengthen governance, and adapt collective management to the digital single market.

Harmonising Collective Management

The 2014 Directive reshaped CMOs along three main lines:

- First, it defined what a CMO is and set standards for their legal structure and supervision.

Episode 5 - Script

- Second, it introduced creators' freedom of choice — the authors' right to decide which rights and categories of rights to entrust to a collective organisation.
- Third, it created a technical and legal framework for multi-territorial licensing for online uses of musical compositions.

Under Article 5 of the 2014 Directive, right-holders may confer or withdraw rights with a high degree of autonomy and even license non-commercial uses directly. Unless justified by objective reasons, CMOs must accept right-holders' mandates.

Internally, CMOs shall make their key decisions transparently; they shall distribute revenues within nine months, and non-distributable income shall be managed transparently under member-approved rules.

These reforms undoubtedly made European CMOs more accountable and competitive institutions — still collective in nature but compelled to modernise their operations and data processing systems.

Independent Management Entities: Opening the Market

A major innovation of Directive 2014/26 was the recognition of Independent Management Entities, or IMEs. Initially absent from the Commission's 2012 directive proposal, they were added later to acknowledge the growing role of for-profit intermediaries in rights management.

IMEs differ fundamentally from CMOs. They are not owned or controlled by right-holders, and they operate on a commercial basis. Because they perform similar activities — licensing, collecting, and distributing — they must comply with comparable obligations: good faith in licensing, transparency, disclosure of tariffs and membership terms, and supervision by national authorities.

In practice, however, regulation has been uneven. Fair MusE research shows that some Member States have embraced IMEs, while others still protect their national CMOs.

- In Italy, SIAE's former monopoly lingered for years, and only in 2024 did the EU Court of Justice rule that excluding IMEs from operating across borders violates EU law.
- In Spain, competition authorities twice sanctioned SGAE for hindering partial withdrawals and distorting licensing markets.
- In Greece and Portugal, diverging interpretations continue to blur the line between collective and commercial management.

Episode 5 - Script

Thus, while IMEs represent liberalisation, the European market remains fragmented and uncertain.

A Multi-Territorial “Passport” for Online Licensing

Another cornerstone of the 2014 Directive was the introduction of a set of technical requirements, with an emphasis on data processing capacity, also known as “European Licensing Passport.”

To be granted this authorisation (so-called ‘Passport’) and be entitled to license music online across several countries, CMOs shall demonstrate technological competence: (i) the ability to identify repertoires and right-holders; (ii) process data electronically; (iii) issue e-invoices; (iv) monitor usage; and (v) ensure timely payments. They must also provide transparent, up-to-date information on the works they represent and the territories they cover.

The implementation of this “Passport” system at national level has modernised collective management and encouraged investment in digital infrastructure. Yet, Fair MusE findings show that its success is uneven.

The 2014 Directive has helped large CMOs and major publishers expand internationally, but smaller societies and local repertoires often lack the capacity to compete. The result is a two- or three-tier licensing market — efficient but unequal — which risks undermining Europe’s cultural diversity.

National enforcement of these rules remains inconsistent, limiting the potential of a truly unified market.

Licensing Hubs and New Intermediaries

To cope with the complexity of digital licensing, major publishers and several European CMOs created joint hubs — cross-border ventures that aggregate musical repertoires.

Pioneering and successful examples of these hubs include ICE, MINT and DEAL, which offer multi-territorial licences to streaming and social-media platforms.

These hubs have improved efficiency but have also raised governance concerns, as they operate as commercial entities—often outside the EU—with very limited oversight for creators.

Fair MusE research suggests that these ventures, while pragmatic, have shifted collective management towards a quasi-corporate model, where transparency and accountability are not always guaranteed.

Data, Metadata, and Fragmentation

Beneath every licensing model lies a deeper challenge: data. Accurate metadata — identifying who owns what, and how works are used — is the lifeblood of collective management. Identifiers such as ISWC for musical works, ISRC for recordings, and IPI numbers for authors should make tracking simple.

In practice - however - data remains scattered across data infrastructures that are not properly interconnected: CISAC's Cis-Net, the ISRCs for the recording data, and SCAPR's "International Performers Database", in addition to many proprietary databases.

These silos make it difficult to match royalties to creators, especially for composers and publishers of smaller repertoires and, even more so, session musicians. Even though transparency obligations exist under both the 2014 Collective Management Directive and the 2019 DSM Directive, platforms are not required to flag unmatched tracks, reject metadata-poor uploads, or preserve metadata integrity.

As a result, substantial "black-box" revenues — royalties that cannot be allocated — still accumulate each year.

Policy Challenges and the Way Forward

The path ahead is clear, though far from simple.

- Supervision of the Passport system should be strengthened and coordinated at EU level to ensure consistency.
- CMOs need to work more closely with data-analysis providers and invest in interoperable tools that can bridge today's fragmented databases.
- The rules governing independent management entities must also be clarified and harmonised, so that competition fosters fairness rather than loopholes.
- And for performers, if EU lawmakers decided to embrace a truly European approach to statutory remuneration for online uses, these rights should be matched by robust, standardised metadata — ensuring that every creative contribution is visible, traceable, and fairly rewarded.

Europe's collective management ecosystem needs both freedom and coordination — a framework where competition enhances, rather than weakens, collective strength.

Conclusion and Looking Ahead

CMOs remain vital institutions: they embody trust, solidarity, and cultural responsibility. IMEs bring innovation and agility but also challenge the cooperative ethos of collective

Episode 5 - Script

management. Licensing hubs and digital passports have modernised the system, yet they expose new inequalities. And without reliable data and coherent supervision, even the best legal reforms risk losing effectiveness.

Europe's rights ecosystem is now a mosaic — one that must balance openness with unity, innovation with fairness. The future of collective management will depend on how well these pieces fit together. These dynamics build on the foundations we explored in the previous episode, *The Role of Regulators*, where Europe's approach to fairness in the digital market began to take shape.

In the next chapter of our series, we turn to the marketplaces where all these rights and rules converge, platforms like Spotify, YouTube, and TikTok, to see how they have transformed licensing, value, and visibility in today's music economy.