

# Netlabels and the Adoption of Creative Commons Licensing in the Online Electronic Music Community

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## Abstract

The Creative Commons licensing model has enjoyed particularly high adoption rates in the online electronic music community. A growing number of *netlabels* publish original compositions for free online using Creative Commons' *music sharing* license. To understand this phenomenon, a history of the electronic music scene is presented that identifies motivating factors. The mechanics of running a netlabel are explained along with a detailed discussion of four reasons why a significant portion of the electronic music scene has aligned itself with the Creative Commons project.

## Résumé

Le modèle de licence Creative Commons a été adopté par une grande partie de la communauté de la musique électronique en ligne. Un nombre croissant de labels en ligne publient gratuitement des compositions originales en utilisant les licences Creative Commons "Partage de Musique". Pour comprendre ce phénomène, l'auteur présente un historique de la scène musicale électronique identifiant les facteurs de motivation. Les mécanismes de gestion d'un label en ligne sont décrits et les quatre raisons pour lesquelles une partie significative de la scène musicale électronique s'est alignée avec le projet Creative Commons est discutée.

## Introduction

For better or worse, the music industry was the first creative sector to feel the enormous transformative power of widely available broadband internet access. While mainstream news media have focused mostly on the major labels' battle against music file sharing on the one hand and a few success stories of large companies entering the online music sales market on the other hand, the shift towards digital distribution has also had a less publicized yet still profound impact on small independent labels. In contrast to the major players, many niche labels and their artists have found this conversion to be a liberating one, freeing them from a dysfunctional system of physical distribution. A growing community of artists now shares their compositions with the public online for free - and many are using Creative Commons licenses to do so. The trend is especially prevalent among producers of electronic dance and experimental music. Within this sector, *netlabels* - non-commercial online publishing groups - have seen explosive growth over the last two years.

Consider these numbers: in October 2004, the Internet Archive, (1) which hosts a comprehensive but by no means exhaustive collection of netlabels, held release catalogs of more than 130 labels on their servers with a total of 3,275 available recordings. All of these works can be downloaded for free, and the overwhelming majority has been released to the public under one of the Creative Commons licenses. This chapter will first trace the particular history of the independent electronic music scene and will then try to explain its affinity towards the Creative Commons project. Real-world figures from the author's own experience with traditional and online labels will be presented. Individual factors that contributed to the rapid and wide-spread adoption of Creative Commons among netlabels are identified, along with remaining challenges and resistances.

## Dysfunctional status quo: The offline independent music industry

The small independent electronic music labels at the center of this exposition are almost completely decoupled from the mainstream music markets. Separate producers supply separate audiences through separate distribution chains. Often times, the labels are artist-run, so divisions between artistic and business functions rarely exist. Because of the relatively small target audience, most publishing activities are driven by personal enthusiasm and passion for the music, not the hopes of big commercial success or being discovered by a major company. While only marginally profitable at best, the small labels occupy an important place in the musical landscape. They represent

the frontier between amateur and professional spheres, between part-time and fulltime involvement. Characterized by continuous struggle for economic survival, these niche communities often form the spearhead, the avant-garde, of musical innovation that inspires taste changes in mainstream markets and supplies fresh talent. Even though niche labels and artists work in an environment independent of the restrictive major system, they developed a set of own structural problems. Since dissatisfaction with this system in turn shaped the direction of music publishing online, the economics of traditional niche labels are briefly outlined below.

## Economics of a typical offline niche label

Much of the electronic music scene still favors publishing and buying vinyl records. This apparent anachronism stems from the central role that the DJ assumes in the dissemination of electronic music - and DJs continue to rely on the turntable/vinyl combination because it allows for direct manual interaction with the music which is important for mixing and scratching. Unfortunately, the dependence on the physical sound carriers heavily skews control in the publishing chain towards those entities that are concerned with logistics - the handling of the carrier objects. In particular, an oligarchy of distributors sets prices, volumes, and even influences labels' release schedules, thereby controlling much of the latter group's fortunes. Collection societies, originally intended to protect the artists' interests, are perceived as stifling: their asymmetric attention to larger publishers, their bureaucratic rigidity and administrative costs lead many artists to forego collection agency registration altogether.

An experimental label can expect to sell between 500 and 1500 copies of a record, manufactured at approximately € 2 a piece and sold on to distributors for around € 3. Thus, the total profit per record hovers between zero and a meager € 1500 which has to be split between the label and all involved artists. Yet the multi-step manufacturing process requires a significant financial investment which, with current payment practices, is often not recouped for 6 to 9 months. Artists have found a way out of this conundrum by relying more heavily on live gigs as their source of income - a single performance can pay as much as a record release. However, records continue to form the basis upon which an artist's reputation is built. Without publishing unprofitable records, profitable performance engagements are hard to find.

## Looking beyond economics: music as a medium for social interaction

Given such an unfavorable environment for the smallest labels and niche artists - why would one stay involved at all? The first answer is that many people do not. After entering with passion, disillusionment quickly sets in and financial strain causes many efforts to quickly founder. However, publishing music has never been about economics alone. There is the fervor driving the individual to create, and beyond that, a rich network of social interaction to partake in. If one looks at music not as a business, but as a communication medium, a more valuable social payoff comes into sight. It is the function of music as a universal connector, a topic for community building, a nexus for artistic exchange and creative experimentation that marks its true value. Turning away from unaccommodating commercial networks, a number of artists realized this potential and moved towards its realization online, avoiding the pitfall of merely replicating the restrictive brick-and-mortar model of music distribution in the digital domain. Partial inspiration for this community-centric view of the musical world came from a prior experiment in open access music circulation - the *tracker* community.

## Flashback: "Trackers" in the 1990s

Before internet access was widely available and before recording technology became affordable to home users, groups of young computer buffs exchanged their musical creations using a network of dial-in bulletin board systems. Their pieces were written using *tracker* software that offered simple arrangement and effects processing capabilities for a limited number of sample based instruments. Constraints of computing power imposed a distinct low-fidelity aesthetic on most productions. Interestingly, the music files that were exchanged were "open source" in that each file exposed its musical source code - the complete sequencing information as well as any sound samples employed - to the public for inspection and reuse. No one involved made a living off of tracked music; but a distinct sense of community arose which led to a series of Europe-wide meetings for competitions between groups. Perhaps because the lack of financial stakes, the scene never adopted a restrictive licensing model - sharing and re-use of music were considered basic principles of the community.

## Netlabels: a new model for free Creative Commons-based online distribution

Recently, more and more traditional musicians realized what the tracker scene had presciently grasped many years

before: if the goal is to share your creation with others and if musical information can be efficiently delivered as just data - why not jettison the carrier media? Moreover, if for small labels the dysfunctions of the independent music industry are largely attributable to the cost of handling the carrier media, would a digital distribution method not improve their lot? For the DJ attached to the standard tools of his craft, workarounds like Final Scratch (2) that enable the use of physical interfaces to play back digital files are now readily available. What reasons remain to keep the carriers other than an innate human tendency to collect and hoard tangible objects? The shift away from identifying music with commodity products and towards a community-interaction based framework closely aligned forward-thinking artists with the principles of Creative Commons. Loosely translating the filtering and aggregating functions of traditional labels, but eschewing a commercial model, the term *netlabel* (3) was coined to circumscribe these artist groups' activities.

A quasi-standard for operating netlabels has crystallized in the meantime. Most netlabels offer high-quality downloads in MP3 or OGG format from their websites, which also feature extensive information about the contributing artists with links to other related projects. Discussion forums and message boards for an open exchange about the music are common. Downloads are free of charge and labels explicitly allow for non-commercial copying of their material, mostly through the Creative Commons *no derivatives, non-commercial, attribution* license, recently recast as the *music sharing* license. Digital library sites such as *archive.org* and *scene.org* donate unlimited storage space and bandwidth to the projects, thus significantly reducing the hosting cost for netlabel operators.

While this general model has been adopted by many labels, it must be added that it is by no means normative. Because of the relative absence of economic pressures, a wide variety of approaches are viable. Some netlabels are explicitly rejecting associations with the commercial music world, others see net audio as a stepping stone to enter the traditional industry, still other straddle the boundary. Some netlabels have ideological goals cast into manifestoes; others just enjoy sharing their work without financial burdens. This diversity has led some to complain about the wildly differing quality of material offered. In return, specialized online magazines covering netlabels such as Moritz Sauer's *Phlow* (4) have begun to take on an editorial role, surveying the wide field and picking out gems. At least one national print music magazine, the German *de:bug*, (5) regularly features articles about netlabels. No other literature exists on netlabels, but they have recently become a topic of discussion at academic and professional conferences such as *Freebitflows*, (6) *Wizards of OS*, (7) or the *mem Congress*. (8) Next, the precise nature of the affinity between netlabels and the Creative Commons project will be described.

## Four reasons why netlabels have adopted Creative Commons licensing

There are four major reasons why the free, non-commercial licensing scheme represented by the Creative Commons *music sharing* license is attractive for artists, netlabel owners and audiences. Each will be discussed in turn below.

### • Reason #1: Promotion

Promotion is the most direct and self-serving motive for an artist: releasing music online and allowing listeners to share that music with others has to make sense for the producer, otherwise the model will not find widespread use. For independent niche music it does make sense. As described above, artists generate income through performances. But to get booked, they need to build a reputation through a discography first. One can actually reach a larger audience by publishing works online for free than by using traditional channels. Listeners are more likely to seek out new material if this comes at no cost to them and they will share the music with others if they are actively encouraged to pass the music on via file sharing networks, on CD, or however else they desire. Creative Commons licensed music then has the potential to enjoy both wider and faster diffusion. The author's own netlabel, *Textone*, (9) is evidence to the effectiveness of the strategy - in one year, more than 175000 MP3 files were served from the site, far eclipsing sales numbers of Textone's sister vinyl labels.

### • Reason #2: Freedom from economic pressures

Non-commercial distribution enables widespread availability of music with limited commercial appeal. Economic considerations prevent much experimental/niche-audience music from being published on physical sound carriers at all. Of the existing releases, many are manufactured at a financial loss - an arrangement that is hardly ideal for producers or consumers. Producers simply cannot afford sub-breakeven releases over the long run. For consumers, copies of these limited releases are hard (if not impossible) to come by if they missed a record's initial release or if they are not blessed with access to a specialty shop carrying said items. Because no physical distribution channel is needed, audiences everywhere can enjoy Creative Commons licensed online music.

In general, low cost structure allows for labels to discount the economic impact of any particular decision they make

- in other words, label politics are not constrained by market preferences. As a related result, participation in the community is not dependent on disposable income. When speaking of international communities we often imply groups comprised of affluent "first world" citizens. For example, in much of the rest of the world manufacturing and distribution structures for niche music are simply absent. Moreover, local consumers there do not have the financial means to buy much music. By giving artists a toolset and a support structure to publish their music at nominal cost, the Creative Commons community has enabled groups from places as diverse as Venezuela (10) and Lithuania (11) to join the electronic music community.

- **Reason #3: Community building**

Communities live and die by the interaction between their members. Innovation is facilitated by having a sense of what already exists. Creativity in general never arises out of a void - it always incorporates prior experience and exposure. To build a vibrant, innovative, creative music scene requires fostering interaction with each other and encouragement of artistic exchange. Creative Commons licenses construct a positive, conducive environment for doing so. To clarify this point, one can contrast the netlabel scene with the mainstream music market: netlabels are not interested in creating the kind of artificial distinction between producers and consumers that is promoted by the major labels. Netlabels are not interested in building one-way pipelines that push out products conceived by the marketing departments down to the masses. In electronic music, where the means of production are available to nearly anyone with a computer, each listener is also likely to turn into a producer. The distribution system for such a kind of music should reflect this equiposition of artists and audiences. By building a system based on respect and trust rather than intimidation and litigation, a fair and open licensing scheme such as Creative Commons creates the positive base for future interaction.

- **Reason #4: Future-proofing**

How many of today's netlabels will still be around in five years? Hopefully a sizeable number, but almost certainly not all of them. How about in fifteen years? Or in fifty? The independent market has always been characterized by a high fluctuation rate brought about by economic pressures. One should therefore already think today about what will happen to today's music tomorrow, when particular artists or labels are no longer around. Art always arises from the history of prior creations, so the community should be interested in making sure that future generations have full access to the music that is created right now. Creative Commons licenses ensure that this happens. Many works published under the restrictive traditional copyright regime are in danger of being "orphaned" for an obscenely long time if the exclusive copyright holder dies or disappears. Without a legal way of distributing and sharing these works, most vanish from the public's collective memory for so long that they are unlikely to be resurrected after they pass into the public domain. In contrast, any work released under a Creative Commons license that allows for non-commercial distribution is more likely to survive since any single copy can legally spawn a future "re-release." As long as some user somewhere still has one copy of a Creative Commons work, the art is not lost - no matter if the artist is still around or not. Long term digital library initiatives like the Internet Archive increase the chances of a transmission of today's work through time. Thus, a sense of history and continuity is created and the future is not deprived of the achievements of today.

## Challenges for the future

While the widespread adoption of Creative Commons principles and practices has led to an explosion of freely available music online, in some ways the netlabel community has fallen short of fulfilling its potential. One of the most important steps towards true open collaboration between artists has not been widely adopted thus far: the permission to create derivative works. A blank license for remixing and otherwise altering existing works would surely spawn a wide range of interesting projects. However, it also raises thorny issues about attribution which already established artists worry about. Since reputation is the main currency in a community where financial incentives are small, having one's name unknowingly attached to a re-made work that one does not approve of is not an enticing thought. Derivative licenses may not be appropriate for every work, but the community could use more courageous trailblazers.

The possibility of disintermediation - cutting out the middle man - may lead some to ask why labels are necessary at all. If we can do without distributors, why not skip labels as well and go directly from artists to consumers? The answer is that labels fulfill an important filtering and focusing function. In fact, the breadth of available netlabel output is already impossible to keep track of today. Value-added editorial services targeting online music are still in their infancy and need reinforcement.

Finally, it remains an unanswered question how artists can make a living off of their compositions in a world of digital distribution. Here netlabels cannot provide a solution. Having a supportive environment that allows artists to devote their full time and energy to their work is important and desirable - otherwise our community is restricting itself to produce amateur quality work. Creative Commons licensed netlabel music is not the answer to all of the music industry's problems and it does not claim to be. However, the existing free netlabel scene has already established itself as a fertile proving ground for upcoming talent and hobby enthusiasts - and as such it is destined to stay.

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#### Notes :

X. Björn Hartmann , Contexterror Media - Textone Netlabel (Berlin/Palo Alto), has been involved in the international electronic music community for nearly a decade. After playing in several traditional bands, Björn first became active in the tracking scene in Germany during the mid-1990s, both as a composer and as a sysop of a song swapping BBS. In 2000, Björn co-founded the vinyl label Tuning Spork Records in Philadelphia, which continues to release quirky club music. In 2003, he launched the netlabel textone.org, which introduced established recording artists to free online publishing using Creative Commons licenses. As a DJ, Björn has played throughout Europe, the U.S.A. and Japan; his productions can be heard on his own labels as well as on other imprints such as Background Music and Mille Plateaux. Björn Hartmann holds bachelor's degrees in Communication and Digital Media Design and a master's degree in Computer and Information Science from the University of Pennsylvania. He is currently a PhD candidate in Computer Science at Stanford University in Palo Alto, California. You can contact him at [bh@bjoern.org](mailto:bh@bjoern.org) . For more information, please refer to his website at <http://bjoern.org/> .

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