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## Google – YouTube – Entertainment Industry: Let's Make a Deal

The latest round of licensing agreements between YouTube, Google, and the entertainment industry points to a future merger.

By Brad King

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**In 1999, Napster was at a crossroads: either scale back its peer-to-peer service while it pursued** licensing agreements with the major music labels or push ahead with its potentially infringing network. Quite famously (at least in tech circles), Napster thumbed its nose at the record labels—which helped to incite a seven-year legal battle between the entertainment industries and technology companies.

YouTube, the popular video-streaming service that allows anyone to upload files, is hoping it can learn from past mistakes of companies like Napster and build a legitimate video service that can both continue to attract viewers and develop a financially viable business model.

When word leaked out last Friday that Google was in secret talks to purchase YouTube, for \$1.6 billion, a buzz swept through the digital world. The biggest question on everyone's mind: Why would Google buy YouTube, when it was very likely that television networks, movie companies, and the music industry would immediately file copyright infringement lawsuits against YouTube once the deep pockets of the search company were involved?

The answer, it appears, is that both YouTube and Google are working behind the scenes to secure the rights to a wide swath of video content from the entertainment industry, which would clear the way for a potentially lucrative partnership.

On Monday, YouTube announced it landed its second major licensing deal, this time with Vivendi Universal's music group, according to [this](#) Reuters report.

The music group controlled by France's Vivendi will offer YouTube users access to thousands of videos from Universal's archives and let YouTube users incorporate songs from its music catalog into their own videos. The deal is the second by a big music company for YouTube, following a similar deal it signed with the Warner Music Group Corp. in September.

While not quite as compelling, the company also landed a deal with CBS, according to [this](#) Reuters report.

The deal calls for CBS to offer YouTube users a variety of short-form video programming including news, sports, and entertainment divisions beginning this month, the companies said.

Meanwhile, Google announced a deal of its own, inking a deal to distribute music videos with both Sony BMG and the Warner Music Group, according to [this](#) Reuters story.

With the two companies feverishly locking up distribution contracts with the major entertainment companies, it seems likely that they will find some way to push this acquisition through—instantly catapulting Google-YouTube into a supremely dominant position, one which neither Yahoo nor Microsoft will likely be able to counter without serious help (re: exclusive licensing agreements) from the entertainment industry, a tact which is not likely to happen. **T**

by Brad King



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