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Imeem Web social network offers ad-backed music

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NEW YORK (Reuters) - Imeem Inc., a music-based social networking site, on Wednesday launched a digital music service supported by advertising and will share the revenue with the musicians and record companies.

Imeem, a San Francisco-based start-up, said the service will have some 3 million songs from more than 5,000 independent record labels representing artists such as Jimi Hendrix, Barenaked Ladies and Public Enemy.

Imeem will impose limits to its free music sharing system that lets users upload their own music and share song playlists with others.

"It's definitely not exactly how it worked before, but at the end of the day we believe our user base cares about the site and community," said founder Dalton Caldwell in an interview. "We believe it's very much in line with the intent and spirit of the site."

Imeem's new music service automatically identifies uploaded content and determines whether the content owner has permitted streaming on Imeem. The service will distribute a share of the advertising revenue to the artist or record label.

Users will still be able to listen to their own songs in full, but if they share a song Imeem will now only play a 30-second clip unless the artist or label has given permission for it to play in full.

Imeem is the fourth most popular entertainment-multimedia site in the United States after Google Inc.'s YouTube, Google Video and News Corp.'s MySpace Videos, according to tracking firm Hitwise.

Imeem was sued for copyright infringement last month by Warner Music Group, the world's fourth-largest music company, for allowing fans to share its music without permission.

Warner said Imeem had built a base of 16 million users by capitalizing on the "illegal use of 'free music.'"

The ability of Internet social networks and entertainment sharing sites to monitor the use of copyrighted material is viewed as key to their ability to make money down the line.

Viacom Inc. is suing Google and YouTube for \$1 billion on the grounds that the companies stood to gain financially from illegal downloads of Viacom programs.

Imeem will use the proprietary Digital Registry and content identification platform from Snocap, a company started by Shawn Fanning, founder of the original music sharing service Napster.

As CD sales continue to fall and digital music sales fail to offset the decline, the music industry is exploring new business models and working with popular social networks like MySpace and Bebo.

MySpace announced a partnership with Snocap last year to enable independent artists and labels sell downloads of their songs. Bebo has partnered with Apple Inc.'s iTunes Music Store to sell music directly from its user profiles.

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