

AI Licensing 101

Licensing Vocabulary:

- **Marketplace, Direct, or Private License:** An agreement between a copyright holder and licensee, typically on a 1:1 basis.
- **Voluntary Collective License:** A type of “direct” license. Rates, terms, and conditions are negotiated by a rights collective. In some cases, rightsholders may choose to opt into the license post-negotiation. Both CMOs and licensing agents can offer voluntary collective licenses.
- **Statutory License:** A government-set “compulsory license.” Allows the use of copyrighted material without securing permission as long as process and guidelines are followed. The government sets the terms, rates, and conditions for a limited set of uses. Generally disfavored.
- **Extended Collective License (ECL):** A form of licensing regulation, where copyright holders are “in” a statutory license, unless they explicitly opt out of the license. A CMO operating an ECL can license on behalf of all copyright holders in a sector, including non-members.
- **Collective Management Organization (CMO):** Rightsholders assign IP interests to CMOs, who collectively license rights and collect and distribute royalties generated by various licensed uses.
- **Licensing Agent or Administrator:** Agents may license on behalf of publishers for a set fee, e.g. 10%. An agent will not assume an interest or responsibility for the IP, which remains with the publisher.
- **Licensing Marketplace:** Third-party platform connecting licensors and licensees, providing convenient access to large amounts of content. Rightsholders typically set their own terms and fees. May provide additional services like data enhancement and traffic analysis.

Types of Licensing Assistants:

- *Collective Management Organizations (CMOs)*¹
 - CMOs differ from Licensing Agents as they step into the shoes of the rightsholders, having the IP rights assigned to them, and act as licensor.
 - **Distribution:** Must distribute royalties fairly, transparently, and accurately, often based on actual usage as economically possible;
 - **Representation:** Most CMOs operate on a membership basis – codes of conduct often require CMOs to act in the interest of their members on a nondiscriminatory basis;

¹ To learn more, see <https://www.wipo.int/edocs/pubdocs/en/wipo-pub-cr-cmoutilkit-2025-en-wipo-good-practice-toolkit-for-collective-management-organizations-the-toolkit.pdf> or <https://www.cisac.org/>.

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- **Administrative Costs:** Most CMOs deduct admin costs from royalties paid. According to some studies, CMO management fees can range from 5 to 30 percent. U.S. is typically lower, but some gen-AI startups advertise admin fees/take rates ranging from 25-50%.
- **Other Considerations:**
 - Does the CMO have industry knowledge and understand the rightsholders it represents?
 - How are their works distributed/used by AI?
 - Do they know what the licensing standards are across the industry (*i.e.*, data delivery and metadata)?
 - Do they know how to negotiate with tech companies for these uses?
 - Are they well-suited to assist with emerging questions around AI licenses?
 - Do they understand the different AI uses across different content modalities (*e.g.*, image/video, news publications, music, chatbots *v.* experts, etc.)?
 - If building tech/delivery infrastructure, is it required for the deal or could this add an unnecessary intermediary or encumbrance?

➤ *Collective Licensing Agents*

- Voluntary collective licensing can be a valuable, cost-efficient option for rights holders.
- Collective Licensing Agents include:
 - **News/Media Alliance:** Currently offering to its publisher-members a [voluntary opt-in content license with ProRata.ai](#) for use with its AI-based Answer Engine and proprietary AI attribution technology.
 - **CCC:** Offers a voluntary, non-exclusive collective license for use of content for AI training, available to AI systems providers and organizations developing or using AI-powered applications for external uses.
 - **Others:** Created by Humans (books-focused), CLA (UK), PLS (UK)
- Not all agents are created equal – consider administrative costs, distribution basis, membership composition, and governance

➤ *Licensing Marketplaces*

- Licensing marketplaces are intermediary digital environments that connect licensors and licensees, often allowing rightsholders to set their own access terms and fees.

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- In addition to controlling access, sometimes they provide additional services like data enhancement, traffic analysis and other monetization features.

AI Vendor Landscape:

- There are a variety of AI vendors on the market offering various tools/services, including:
 - Assistance in **detecting usage** and **attributing** the original publishers' work in AI-generated content.
 - Facilitating publisher **opt-outs** and offering administrative support for data governance. Also help detect, mitigate, and prevent malicious bot activities on websites and applications.
 - Assistance with **management of data** (large volumes) required for AI development and deployment (e.g., data labeling, storage solutions, processing and analysis).
 - Services that **enhance assets** or function as enablers (e.g., Agentic AI, AI Ads).
 - **Negotiation of terms** and provide efficient licensing solutions either by intermediaries/collective management organizations who are assigned the copyrights or through an opt-in license/model agreement facilitator whereby the rightsholder retains its copyrights.
 - Services that provide a platform where publishers can transact/**advertise** their licenses.