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Music IP Holdings CEO says AI patent strategy favors licensing over lawsuits

By **Steve Scherer**

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Music IP Holdings is negotiating with additional AI companies as it looks to turn its expanding patent portfolio into common infrastructure for generative content, Chief Executive Daniel Drolet told MLex. Udio and GRAI recently became its first licensees, while MIH is pursuing more agreements through a web portal and direct talks with larger companies.

Music IP Holdings is negotiating with a number of artificial-intelligence companies, confident that its growing patent portfolio can become widely adopted infrastructure for AI-generated content without relying on lawsuits to drive deals, Chief Executive Daniel Drolet said in an interview.

The Nashville-based company said last week that AI music companies Udio and GRAI had licensed patents covering technology used in creating, authorizing, tracking and distributing AI-generated content (See here).
"We're in talks with a lot of companies," Drolet told MLex. Music IP Holdings, or MIH, has an online portal through which smaller and midsized companies can obtain licenses, while some larger companies are engaged in separate negotiations, he said.

Drolet declined to identify the companies involved in those talks, and he didn't disclose the financial terms of the Udio and GRAI licenses.

MIH now has more than 24 issued patents or allowed applications and more than 50 applications pending, according to last week's press release. That's up sharply from two issued patents of the 15 filed applications disclosed when the company was launched as a partnership between Universal Music Group, or UMG, and Liquidax Capital in July 2025 (see here).

Drolet said MIH seeks to build a broadly adopted licensing framework rather than make patent enforcement the center of its business, though the company is prepared to enforce its intellectual property rights if necessary.
"We are a practicing infrastructure company in the truest sense. We have technology teams, and we work with that. But the business model is adoption, not assertion," Drolet said. "So we license the workflow, not the lawsuit. We don't even want to go there. But having said that, we will protect our intellectual property at those points where we need to."

MIH's patent-licensing strategy complements copyright licensing as the music industry wrestles with how generative AI services can use existing recordings while allowing artists, songwriters and other rightsholders to control and earn from new works derived from them.

Drolet described MIH's patented technology as infrastructure supporting those separate copyright arrangements.

"These are the rails. The copyrights are the content that travels on the rails," he said. According to Drolet, the framework uses watermarks and identifiers to connect uses with authorization, licensing

and payments, allowing AI-generated content to be tracked.

MIH's technology is designed to provide the tools that rightsholders and AI services can use to set conditions governing what users are permitted to create and how resulting content can be distributed, Drolet said.

"Essentially, the controlled distribution is what makes the artist consent real," he said. "A permission that can't be enforced isn't permission."

For smaller innovators, MIH offers a license for a one-time fee, Drolet said. The objective is to encourage adoption by keeping the pricing affordable rather than demanding large payments at the outset, Drolet said.

"It's not meant to be a tax or generate huge amounts of revenue on the front end, and we want to grow with and enable the AI music industry," he said.

MIH, a joint holding company, was formed by UMG, the world's largest music company by recorded-music revenue, and Liquidax Capital last year.

Drolet said MIH has worked with UMG technical personnel, some of whom are named inventors on portfolio patents, and approached Udio and GRAI in part because both already had relationships with UMG. Udio and GRAI didn't immediately respond to requests for comment.

Unlike businesses that chiefly acquire patents from outside inventors before seeking licenses, Drolet said MIH is building its portfolio internally. "We're developing them all ourselves. MIH is specifically inventing and developing and patenting this entire infrastructure."

The patent count is continuing to grow. Beyond the 24 issued patents and allowed applications and more than 50 pending applications, MIH has additional inventions in development, Drolet said. Existing licensees will receive rights under later-issued patents in licensed families without paying additional fees, he said.

The technology is also intended to function for content other than music. MIH says its patents can apply to AI-generated audio, video, animation, images and written material, as well as applications involving a person's name or likeness.

Drolet said discussions outside the music industry have only recently begun and remain less developed than the company's talks within the music business.

"It's audio, video, animation, publications. It can be for written text," he said. "It's for, really, the derivative creation from AI, taking existing source content protected by copyright or not, and using AI to create something new from that content."

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