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Record label signs up to free music website

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Internet users will be able to download millions of songs legally and for free by artists such as Amy Winehouse and the Killers after the Qtrax website struck a deal with Universal Music.

After an earlier effort to provide the service had to be aborted the deal with the world's largest record company is a major development in online music distribution.

The New York-based company announced the deal in a short press release, avoiding the fanfare that accompanied its previous launch in January when it told the world that it had signed up major record companies to create an online catalogue of 25 million songs.

It faced major embarrassment the following day after it emerged that none of the four big labels had actually signed a deal to offer their songs.

Under the latest deal, which currently only covers America and Canada, fans will have to endure a limited amount of advertising in return for unrestricted access to Universal's music.

The record label and its artists will receive a cut of the advertising revenue in proportion to the popularity of the songs.

It is thought that fans will be able to keep the tracks but that the songs will be DRM-protected, which means that they will not be able to play them on their iPods.

It is not the first time that a website has offered free and legal music online.

Other similar examples include We7.com, backed by singer Peter Gabriel. It offers about 80,000 free downloads, supported by 10-second adverts.

However, industry experts said that the latest deal was significant because it was with such a major music label.

Dan Cryan, an analyst at Screen Digest, said that the "ad-funded model" showed that record labels were embracing news ways of making money at a time when digital downloads are failing to compensate for declining CD sales.

However, he raised doubts about Qtrax's service, saying that the adverts and DRM restrictions could discourage fans from using it.

"iTunes have been offering a couple of tracks a week for free for ages," he said. "The reality is that there is so much free music available that to compete with illegal downloads you have to not only offer free music but also offer a better quality of service.

"When people download music illegally, there are no restrictions, which means that fans can share the tracks with friends and play them on their iPods and mobile phones. You won't be able to do that with Qtrax's service."

Qtrax refused to comment on when the service might reach the UK or how negotiations with other labels were progressing.