

DISTRIBUTION RULES OF ROYALTIES COLLECTED FOR MECHANICAL REPRODUCTION OF AUTHORS' WORKS

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1. Protection Term of Musical Works

According to the Copyright Law, the term of copyright protection is 70 years after the death of the author. A musical work is protected if the copyright protection has not expired at least for one of the co-authors. A work of an unprotected author may be used without permission and without paying royalties.

The protected author of the work will always receive his full share of the total value of the work.

Example:

composer – (DP¹ - not protected) 0%

lyricist – 50%

total – 50%

composer – 50%

lyricist – DP – 0%

total – 50%

If both the composer and the lyricist are not protected, then the arranger and the translator receive royalties in accordance with tariffs of AKKA/LAA.

2. Registration of Musical Works

Musical works are registered by the Department of Documentation and Distribution of AKKA/LAA.

The following data shall be provided in the work registration application of AKKA/LAA:

- title of the work;
- alternative title (if there exists such);
- genre;
- duration;
- names and surnames of the co-authors of the work;
- publisher.

The author or authors must fill in the registration form with all required data of the work, royalty split among several co-authors as well, and confirm the data by signing the work application form. The percentage distribution of royalties must reflect the actual contribution of each author in the creation of the work, as no further corrections will be possible once the work registration has been completed.

The musical work registration form serves as a document for the distribution of royalties among the authors. Upon receipt of the musical work registration application, AKKA/LAA enters the information into its database, being the basis for the distribution of royalties.

¹ Domain Public (tr.note)

3. Distribution of royalties among Rightsowners of a Musical Work

3.1. Composer and lyricist of a musical work

The percentage of any musical work is equated to 100% regardless of the number of authors.

3.1.1 Default distribution

If the creative contribution to the work is equal and the distribution of royalties complies with the standard distribution rules of royalties developed by AKKA/LAA, then the card is signed by one of the authors.

Default distribution means that both the composer and the lyricist receive equal shares:

composer - 50%

lyricist - 50%

total - 100%

3.1.2 Special or agreed distribution

If the contribution of one author in the creation of the work is higher, then the authors agree among themselves on the royalty distribution which is depicted in the work registration application. In that case the work application form must be signed by all authors, to whom the special distribution applies.

Example:

composer – 65%

lyricist – 35%

total – 100%

3.2. Arranger of a musical work

In order to arrange a musical work, the arranger must obtain the permission of the authors of the relevant work. Thus, in order for an arranger of a musical work without text to be eligible for a royalty share, the arranger must obtain the work composer's permission to arrange the work.

If the musical work is with text, then the arranger must obtain permission from both the composer and the author of the text to arrange the work. The arrangement of the work is registered by AKKA/LAA, if the permission of the authors of the original work to make the arrangement has been submitted. If both the composer and the lyricist have concluded an agreement with a publisher, the permission is issued by the publisher.

According to AKKA/LAA tariffs, the arranger can receive 25% of the total value of the work:

composer – 37,50%

lyricist – 37,50%

arranger – 25%

total – 100%

3.3. Translator of a musical work

In order to translate the text of a musical work, a permission of the authors (composer, lyricist) must be obtained. If both the composer and the lyricist have concluded an agreement with a publisher, the permission is issued by the publisher.

Translator can receive 25% of the total value of the work:

composer – 37,50%

lyricist – 37,50%

translator – 25%

total – 100%

3.4. Music publisher

If the music publisher has concluded an agreement with a composer or lyricist, the publisher is obliged to notify AKKA/LAA of the following:

- the name of the author the agreement has been concluded with,
- works for which the contract is concluded,
- the percentage distribution of royalties for musical works,
- proportion of the royalties is due to the publisher,
- the duration of this contract.

AKKA/LAA prepares distribution documentation for Latvian authors from electronic media and some other users at least once every six months, because in the distribution of royalties a following principle is applied determining that the remuneration collected for the use of works in the first half of the year is distributed in the second half; the remuneration collected in the second half of the year shall be distributed in the first half of the new year.

Conclusion of an agreement with an author results in a new percentage in the distribution of remuneration for the publisher, of which the publisher must inform AKKA/LAA, as well as AKKA/LAA must process this data and enter it into the database. Thus, if the publisher has concluded an agreement with the author in the period from January 1 to June 30, then AKKA/LAA starts collecting and distributing the remuneration to the publisher starting from July 1; if the publisher has entered into an agreement with the author in the period from 1 July to 31 December, then AKKA/LAA starts collecting and distributing the remuneration to the publisher as of 1 January.

If the agreement is concluded for an arrangement or a translation, the music publisher must provide a permission to arrange or translate the work.

The original publisher of the work may, in accordance with the concluded agreement with the author, receive no more than 50% of the author's share of remuneration for the public performance of the work.

The original publisher may conclude an agreement with a publisher in another country. In such case the foreign publisher becomes a subpublisher.

Split of shares between a publisher and subpublisher is up to themselves, however it should be followed that the total of a publisher and subpublisher's shares must not exceed 50% of the author's share.

If any of the authors of a musical work is not protected, then the music publisher is eligible to no more than 50% of the protected author's share.

3.5. Percentage distribution tables of musical work

Abbreviations used

Composer	C
Poet, lyricist	A
Arranger	AR
Translator of poetry, text	SA
Publisher	E

3.5.1 Musical work without text

Genre	Authors of music		Authors of text		Publishers
	C	AR	A	SA	E
A	100	-	-	-	% of author`s share in accordance with the provided agreement concluded between the author and the publisher*
B	100	-	-	-	
C	100	-	-	-	
A	75	25	-	-	% of author`s share in accordance with the provided agreement concluded between the author and the publisher*
B	75	25	-	-	
C	75	25	-	-	

* As per Para.3.4 of these Rules, the total of a publisher and subpublisher`s shares must not exceed 50% of the author`s share.

3.5.2 Musical work with text

Genre	Authors of music		Authors of text		Publishers
	C	AR	A	SA	E
A	50	-	50	-	% of author`s share in accordance with the provided agreement concluded between the author and the publisher*
B	50	-	50	-	
C	75	-	25	-	
A	37,50	25	37,50	-	% of author`s share in accordance with the provided agreement concluded between the author and the publisher*
B	37,50	25	37,50	-	
C	50	30	20	-	
A	37,50	-	37,50	25	% of author`s share in accordance with the provided agreement concluded between the author and the publisher*
B	37,50	-	37,50	25	
C	50	-	25	25	
A	25	25	25	25	% of author`s share in accordance with the provided agreement concluded between the author and the publisher*
B	25	25	25	25	
C	40	35	12.5	12.5	

* As per Para.3.4 of these Rules, the total of a publisher and subpublisher's shares must not exceed 50% of the author's share.

3.5.3 Musical works, if both authors of music and lyrics are not protected

Percentage distribution of royalties for newly created arrangements of musical works and folk music arrangements, if the works of the composer and the author of the text are not protected.

Genre	Authors of music		Authors of text		Publishers
	C	AR	A	SA	E
A	-	33,33	-	-	% of author's share in accordance with the provided agreement concluded between the author and the publisher*
B	-	50	-	-	
C	-	50	-	-	
A	-	-	-	33,33	% of author's share in accordance with the provided agreement concluded between the author and the publisher*
B	-	-	-	25	
C	-	-	-	12,50	
A	-	33,33	-	33,33	% of author's share in accordance with the provided agreement concluded between the author and the publisher*
B	-	50	-	25	
C	-	50	-	12,50	

* As per Para.3.4 of these Rules, the total of a publisher and subpublisher's shares must not exceed 50% of the author's share.

The distribution of royalties for the use of a musical work in a public performance may differ from the distribution of royalties for the reproduction (mechanical recording) of the same work.

4. Distribution of Royalties Collected for Reproduction of Musical Works

4.1. Mechanical recording

Royalties collected for the reproduction of musical, literary, dramatic and musico-dramatic works in a mechanical recording are distributed in accordance with the reports submitted by users (applications) in proportion to the number of works by each author on the specific medium, as well as the duration of each work.

4.2. Professional use of DJs

Royalties are distributed in accordance with the licenses issued, reports provided by the users of the works reproduced, taking into account the number of times each work has been reproduced.

If the users fail to provide full reports, the analogy or selective method is used in the distribution of royalties.

If the processing costs of full reports provided by the users for the purposes of distribution are disproportionate in relation to the royalties payable, the analogy or selective method is used in the distribution of royalties.

4.3. Computer hard drive

Royalties are distributed in accordance with the licenses issued, reports provided by the users of the works reproduced, taking into account the number of times each work has been reproduced.

If the users fail to provide full reports, the analogy or selective method is used in the distribution of royalties.

If the processing costs of full reports provided by the users for the purposes of distribution are disproportionate in relation to the royalties payable, the analogy or selective method is used in the distribution of royalties.

4.4. Making available online of digital phonograms

Royalties are distributed in accordance with the licenses issued, reports provided by the users of the works reproduced, taking into account the number of times each work has been reproduced.

If the users fail to provide full reports, the analogy or selective method is used in the distribution of royalties.

If the processing costs of full reports provided by the users for the purposes of distribution are disproportionate in relation to the royalties payable, the analogy or selective method is used in the distribution of royalties.

4.5. In audio-visual works

Royalties collected for the reproduction of musical works that are in audio-visual works are distributed in accordance with the reports provided by the users, taking into account the duration and the number of works.

If the users fail to provide full reports, the analogy or selective method is used in the distribution of royalties.

If the processing costs of full reports provided by the users for the purposes of distribution are disproportionate in relation to the royalties payable, the analogy or selective method is used in the distribution of royalties.

4.6. Usage in films (synchronisation of musical works with an audio-visual work)

Royalties collected for the usage of musical works in audio-visual works (synchronisation) are distributed in accordance with the reports provided by the users, taking into account the duration of usage of the works and the relevant tariffs.

4.7. Royalties from foreign authors` societies

Royalties received from foreign authors` societies is distributed according to the usage data provided by said societies.