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## **DISTRIBUTION RULES OF ROYALTIES COLLECTED FOR USAGE OF MUSICAL 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 – (DP<sup>1</sup> - 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.

## 3. Distribution of royalties among Rightsowners of a Musical Work

### 3.1. Composer and lyricist of a musical work

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<sup>1</sup> Domain Public (tr.note)

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 the lyricist has 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	-	-	-	<i>% of author`s share in accordance with the provided agreement concluded between the author and the publisher*</i>
B	100	-	-	-	
C	100	-	-	-	
A	75	25	-	-	<i>% of author`s share in accordance with the provided agreement concluded between the author and the publisher*</i>
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	-	<i>% of author`s share in accordance with the provided agreement concluded between the author and the publisher*</i>
B	50	-	50	-	
C	75	-	25	-	
A	37,50	25	37,50	-	<i>% of author`s share in accordance with the provided agreement concluded between the author and the publisher*</i>
B	37,50	25	37,50	-	
C	50	30	20	-	
A	37,50	-	37,50	25	<i>% of author`s share in accordance with the provided agreement concluded between the author and the publisher*</i>
B	37,50	-	37,50	25	
C	50	-	25	25	
A	25	25	25	25	<i>% of author`s share in accordance with the provided agreement concluded between the author and the publisher*</i>
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	-	-	<i>% of author`s share in accordance with the provided agreement concluded between the author and the publisher*</i>
B	-	50	-	-	
C	-	50	-	-	
A	-	-	-	33,33	<i>% of author`s share in accordance with the provided agreement concluded between the author and the publisher*</i>
B	-	-	-	25	
C	-	-	-	12,50	
A	-	33,33	-	33,33	<i>% of author`s share in accordance with the provided agreement concluded between the author and the publisher*</i>
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.

#### 4. Genre coefficient of musical works

In the distribution of royalties collected for Latvijas Radio and Latvijas TV, the coefficient of the genre of musical work and the duration of work (timing) are taken into account.

<b>Genre A</b>	<b>Coefficient 1</b>
<i>Popular music</i>	Song
	Folk music arrangement
	<i>Other one-piece works of popular music</i>
<i>Classical or academic music</i>	<i>Miniature and works of such type (for example, sketches)</i>
<i>Music created for a specific purpose</i>	<i>Dance music</i>
	<i>Film music</i>
	<i>Background music (for example, a TV show)</i>
<i>Jazz</i>	<i>Jazz</i>
<i>Stage music</i>	<i>Dramatic work (performance) music</i>
<b>Genre B</b>	<b>Coefficient 2</b>
<i>Popular music</i>	Song cycle
<i>Classical or academic music</i>	Chamber music
	Fantasia
	Variation
	Sonata
	Suite
	Poem
	Sinfonietta

	<i>Other classical music work, provided it is not included in category A or C and the duration of which is less than 20 minutes</i>
<i>Performers</i>	Choir song a capella or with accompaniment
<i>Sacred music</i>	<i>Psalm</i> <i>Hymn</i> One-piece cantata
<i>Stage music</i>	<i>Separate musical pieces from an opera</i> <i>Separate musical pieces from a ballet</i> Operetta Musical

<b>Genre C</b>	<b>Coefficient 3</b>
<i>Classical or academic music</i>	Symphony Symphonic suite Concerto for orchestra <i>Other classical music work, the duration of which exceeds 20 minutes</i>
<i>Sacred music</i>	Requiem Mass Oratory Multipart cantata <i>Passion</i>
<i>Stage music</i>	Opera Ballet

## 5. Distribution of Royalties Collected for Usage of Musical 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.

### 5.1. Radio

Royalties are distributed in accordance with reports provided by the users of the works, as well as by analogy with similar programs or according to sample or special programs, which are formed on the basis of a statistical research.

When distributing, a coefficient of 0.2 is applied to the musical works in the commercials. When distributing, a coefficient of 0.04 is applied to the musical works in the jingles of the shows.

### 5.2. Television

Royalties are distributed in accordance with full reports provided by the users of the works, as well as by analogy with similar programs or according to sample or special programs, which are formed on the basis of a statistical research.

When distributing, a coefficient of 0.2 is applied to the musical works in the commercials. When distributing, a coefficient of 0.04 is applied to the musical works in the jingles of the shows.

### **5.3. Retransmission of TV channels**

AKKA/LAA collects royalties according to tariffs of AKKA/LAA, paid by each subscriber for every channel to the cable television company, which then transfers the royalties to AKKA/LAA.

AKKA/LAA adds together the amount for each channel and forwards the royalties to the copyright organization of the country in whose territory the relevant TV channel is produced and which distributes the royalties, or to an organization which has the necessary documentation and which agrees to distribute.

Royalties are distributed to authors of Latvian musical works in accordance with Latvian television reports.

### **5.4. Public performance**

#### **5.4.1 Live performance**

(concert organizations, individual event organizers)

Concert organizers provide full reports.

If choreographic works are performed at concerts, then 50% of the remuneration for the work is due to the choreographer.

If the dance choreography is not registered or the choreographer does not have an agreement with AKKA/LAA, then, if the musical work is identifiable, the royalties are distributed to the rightsowners of the musical work.

The genre and duration of the musical works, if specified in the programs, can be taken into account in the distribution.

If the royalties in a concert for one composition do not exceed EUR 3.00, then special sample reports, formed on the basis of statistical research, may be applied in the distribution.

If the concert report is not submitted at least 6 months after the concert or it is not possible to identify any registered work in the submitted concert report, the collected royalties are distributed using a compiled concert report.

Distribution of royalties between the repertoire of the main performers and the repertoire of the warm-up band: 80/20 in events with 5000 or more attendees and no more than 2 warm-up bands in the event.

A 10% rate is applied to the repertoire of a DJ warming up a concert audience, in other cases the previous principle is applied: the duration of the work, if known, and the number of works are taken into account. (Tariff approved at the AKKA/LAA council meeting on Jan 18, 2020.)

#### 5.4.2 From a mechanical recording (discos, cafes, shops and other users of musical works)

Royalties collected for public performance from a mechanical recording is distributed as follows:

- 1) 50% of the amount is distributed in accordance with the concert reports, using a report compiled from the number of times musical, literary and choreographic works had been used in the concert programs,
- 2) 25% of the amount is distributed in accordance with Latvijas radio reports,
- 3) 25% of the amount shall be distributed in accordance with Latvijas televīzija reports.

In the relevant reports the number of times the work has been used is taken into account.

Reports on the use of mechanical recordings of musical works in discos, bars, cafes, shops, etc. should not be provided. If a report is submitted, then AKKA/LAA is entitled to distribute the respective royalties in accordance with the submitted report.

#### **5.5. Film music**

Royalties collected for films demonstrated in movie theatres are distributed in accordance with the reports provided by the users of the works.

Distribution of public performance of musical works included in an audiovisual work in movie theatres is obligatory if the royalty collected per film is at least EUR 50.

The royalties collected for broadcasting are distributed in accordance with the reports or programs submitted by the electronic mass media - television.

The amount of royalties for musical works used in films is calculated as follows:

- a) 35% of the total remuneration paid by Latvijas TV for the use of all musical works in TV shows,
- b) 75% of the total remuneration paid by commercial television broadcasters for the use of all musical works in their shows.

If the duration of music in the film record sheet is indicated in meters, it is assumed that 1m equals 2.2 sec.

If music is used in the film, but the music duration in the movie is not specified, it is assumed that the music usage is 30% of the movie duration.

Royalties for film music due to film music authors represented by a foreign organization, is forwarded to the copyright organization of the country in whose territory the film is registered, which distributes the remuneration, or to an organization which has the necessary documentation and agrees to distribute.

#### **5.6. Online**

Royalties are distributed in accordance with reports provided by the users of the works, as well as by analogy with similar programs or according to sample or special programs, which are formed on the basis of a statistical research.

#### **5.7. Blank tape levy**

Remuneration is distributed in accordance with SN-02 Distribution Rules of Blank Tape Levy.

### **5.8. Royalties from abroad**

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

If the documentation is not available, the royalties are distributed by using analogy or sample method.

## **6. Amendments**

Amendments as per the previous consolidated version of this document:

- Paragraph 3.2. supplemented
- Paragraph 3.5. "Percentage distribution tables of musical work" expressed in new wording
- Paragraph 4. "Genre coefficient of musical works" expressed in new wording