

# General Rules of Distribution of Income from Rights Management

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## 1. General Principles of Distribution and Methods Applied

Depending on the category of license or licensing agreement, the income from management of rights (hereinafter the Compensation) is distributed as income accrued from an individualised license or a general license.

Individualised licenses and licensing agreements encompass specified works, and regarding such licenses the collected compensation is distributed using the proportional method of distribution only, in view of the conditions stipulated by the license or the licensing agreement.

General licenses encompass the entire mass of AKKA/LAA-represented authors' works across a single category or several categories and, with regard to those licenses and licensing agreements, the collected compensation is distributed applying the proportional method, distribution by selection, or distribution by analogy.

Depending on the method of use of works, distribution of compensation applies the following techniques of distribution:

- **Proportional Distribution:**  
Distribution of compensation takes place according to the program schedules (playlists) of usage of full-size works submitted by the users of works listing all the used works indicating the titles and at least one subject of copyright per work, or in special cases indicating the title only, or in compliance with the conditions of the license or the licensing agreement where the relevant information is included in such conditions. The relevant distribution is carried out proportionally to the number of used works, the intensity of use (number of playbacks, number of downloads, duration of the works, the size of circulation, etc.);
- **Distribution by selection:**  
The distribution by selection is carried out on the basis of statistical research data. Program schedules for distribution by selection may be compiled, for instance, using the list of transmitted works by a broadcaster over 2 weeks during one summer month, and 2 weeks during one winter month. Program schedules for distribution can also be formed from so-called „tops”, i.e. the most popular works used over a defined period of time. Distribution by selection is used in cases when distribution costs following proportional distribution would be equal to the size of payable compensation, or even greater than that;
- **Distribution by analogy:**  
The distribution technique by analogy applies in itself such program schedules that are similar in terms of content and volume. Distribution by analogy is used in cases when

users have not submitted information concerning the used works, however, information regarding usage of similar kinds of authors' works during the period concerned is available. Distribution by analogy is used also in cases when compensation is collected from such category of rights where information on used works is non-existent (e.g. compensation from blank media).

In order to ensure fair distribution of compensation, indexes applicable during distribution may be attributed to works of diverse genres or diverse lengths.

In cases when no program/playlist is handed in within the license or license agreement, distribution may be carried out using the selection technique or distribution by analogy.

In cases when distribution costs are disproportionately high versus the size of payable compensation, distribution may be carried out using the selection technique or distribution by analogy.

In cases when distribution costs prevail over the amount of distributable compensation, a threshold of distributable compensation may be put in place. On the one hand, the lowest margin may be necessary e.g. in the case of musical works used as part of an audiovisual work, where a small compensation collected from demonstration of an audiovisual work in cinemas or on TV must be distributed over a large volume of musical works. On the other hand, the highest margin may be needed to correct the statistical error when distribution by selection takes place (e.g. in cases of public borrowing).

## **2. Distribution of Compensation for Use of Musical Works**

### **2.1. Public Performance**

#### 2.1.1. Performance by Musicians

The compensation is distributed applying the technique of proportional distribution, according to the playlists submitted by the work users.

#### 2.1.2. Public Performance of Works Broadcast over Radio or Television, or Played Back from Records

Compensation for usage of works played from radio or TV broadcasting or records at discos, bars, cafes, stores etc. shall be distributed using distribution by selection or distribution by analogy. The distribution is based on:

- Consolidation of concert program schedules,
- Radio program schedule(s),
- Television program schedule(s).

#### 2.1.3. Musical Works Incorporated in Audiovisual Works

Compensation for musical works incorporated in audiovisual works in case of public performance (films demonstrated by cinemas) shall be distributed using the technique of proportional distribution according to the program schedules handed in by the users of works.

## **2.2. Broadcasting over Radio and Television**

The compensation is distributed applying the technique of proportional distribution, according to the full-scale program schedules submitted by the users. If it is not possible to apply proportional distribution, distribution takes place using analogy with similar program schedules or using selections, or using special program schedules compiled on the basis of statistical research. .

### **2.3. Retransmission**

The compensation is distributed proportionally to the TV and radio programmes retransmitted by the users. The compensation pertaining to programmes produced abroad is sent to the copyright organizations of the respective countries where the programmes have been produced. The copyright organizations in question cover the relevant programme production territories and distribute compensation. Compensation due to programmes produced in Latvia is distributed according to the programme schedules submitted by the respective TV and radio broadcasters.

### **2.4. On-line**

The compensation is distributed using the proportional distribution technique, according to the full- scale programme lists supplied by the users.

### **2.5. Reproduction for Professional Purposes by DJs**

The compensation is distributed using the proportional distribution technique, according to the full- scale programme lists supplied by the users.

### **2.6. Reproduction in Media (CD, DVD, other media, including hard discs of computers)**

The compensation is distributed using the proportional distribution technique, according to the full- scale programme lists supplied by the users.

### **2.7. Reproduction as Part of Audiovisual Works**

The compensation is distributed using the proportional distribution technique, according to the full- scale programme lists supplied by the users.

### **2.8. Reproduction with the Purpose of Insertion into Films (synchronization of musical works with an audiovisual work)**

The compensation is distributed using the proportional distribution technique and in compliance with the conditions of the license or the licensing agreement.

### **2.9. Compensation from Foreign Organizations of Collective Management**

The compensation is distributed according to the documents supplied by the respective organizations.

### **3. Distribution of Compensation for Use of Literary, Dramatic and Choreographic Works**

#### **3.1. Publishing**

The compensation is distributed using the proportional distribution technique and in compliance with the conditions of the respective license or the licensing agreement.

#### **3.2. Public Performance**

##### **3.2.1. Concert Organizations and Museums**

Compensation for use of literary, dramatic or choreographic works at performances by performing artists shall be distributed using the proportional method of distribution based on the full-scale program schedules submitted by the users.

##### **3.2.2. Theatres**

The compensation for used works is distributed using the proportional distribution technique, according to the full-scale programme lists supplied by the users, as well as in consideration of the conditions stipulated by the respective licenses or licensing agreements.

#### **3.3. Broadcasting Over Radio and Television**

The compensation is distributed using the proportional distribution technique, according to the full-scale programme lists supplied by the users indicating the titles of the works, their authors, as well as the frequency of use and the duration of exposure of the works. In the course of distribution the principles of genres and proportionality of usage are applied.

#### **3.4. Retransmission**

The compensation is distributed in proportion to the TV and radio programmes retransmitted by the user. The compensation attributable to programmes produced abroad is sent to the copyright organization of the respective country where the TV or radio programme has been produced. The copyright organization in question covers the relevant programme production territory and distributes compensation. Compensation due to programmes produced in Latvia is distributed according to the programme schedules submitted by the respective TV and radio broadcasters.

#### **3.5. On-line**

The compensation is distributed using the proportional distribution technique, according to the full-scale programme lists supplied by the users.

#### **3.6. Compensation from Foreign Organizations of Collective Management**

The compensation is distributed according to the documents supplied by the respective organizations.

## **4. Distribution of Compensation for Use of Audiovisual Works**

### **4.1. Publishing of Frames**

The compensation for use of works is distributed using the proportional distribution technique, according to the full-scale programme lists supplied by the users.

### **4.2. Public Performance**

The compensation is distributed using the proportional distribution technique, according to the full-scale programme lists supplied by the users, as well as in consideration of the conditions stipulated by the respective licenses or licensing agreements.

### **4.3. Broadcasting via Television**

The compensation is distributed using the proportional distribution technique, according to the full-scale programme lists supplied by the users.

### **4.4. Retransmission**

The compensation is distributed in proportion to the TV programmes retransmitted by the user. The compensation pertaining to programmes produced abroad is sent to the copyright organization of the respective country where the TV programme has been produced. The copyright organization in question covers the relevant programme production territory and distributes compensation. Compensation due to programmes produced in Latvia is distributed according to the programme schedules submitted by the respective TV broadcasters.

### **4.5. On-line**

The compensation is distributed using the proportional distribution technique, according to the full-scale programme lists supplied by the users.

### **4.6. Insertion of Work Fragments into Works for Stage**

The compensation is distributed using the proportional distribution technique, according to the full-scale programme lists supplied by the users.

### **4.7. Reproduction**

The compensation is distributed using the proportional distribution technique, according to the full-scale programme lists supplied by the users.

### **4.8. Multimedia**

The compensation is distributed using the proportional distribution technique, according to the full-scale programme lists supplied by the users.

### **4.9. Compensation from Foreign Organizations of Collective Management**

The compensation is distributed according to the documents supplied by the respective organizations.

## **5. Distribution of Compensation for Use of Visual Works**

### **5.1. Publishing**

The compensation is distributed using the proportional distribution technique, according to the full- scale programme lists supplied by the users, as well as in consideration of the conditions stipulated by the licenses or licensing agreements.

### **5.2. Broadcasting via Television**

The compensation is distributed using the proportional distribution technique, according to the full- scale programme lists supplied by the users.

### **5.3. Retransmission**

The compensation is distributed in proportion to the TV programmes retransmitted by the user. The compensation regarding programmes produced abroad is sent to the copyright organization of the respective country where the TV programme has been produced. The copyright organization in question covers the relevant programme production territory and distributes compensation. Compensation regarding programmes produced in Latvia is distributed according to the programme schedules submitted by the respective TV broadcasters.

### **5.4. On-line**

The compensation is distributed using the proportional distribution technique, according to the full- scale programme lists supplied by the users, as well as in consideration of the conditions stipulated by the licenses or licensing agreements.

### **5.5. Secondary Sales**

The compensation is distributed in compliance with the provisions of Article 17 of the Copyright Act.

### **5.6. Compensation from Foreign Organizations of Collective Management**

The compensation is distributed according to the documents supplied by the respective organizations.

## **6. Distribution of Compensation for Retransmission of TV and Radio Programmes across Various Categories of Works**

Compensation for retransmission of works is distributed by means of proportional distribution, and splitting the relevant compensation according to the reports submitted by the users of works covering the retransmitted television and radio channels. The share of compensation attached to each radio or TV channel is distributed further depending on the country of origin of the respective channel:

### **6.1. Television and Radio Programmes Produced in Latvia**

The compensation is distributed in view of the following proportions among retransmitted programmes:

- 40% to copyright subjects of musical works
- 20% to copyright subjects of literary works

5% to copyright subjects of visual works  
30% to copyright subjects of audiovisual works  
5% are reserved (2% for copyright subjects of musical works, 1% for copyright subjects of literary works, 1% for copyright subjects of visual works, 1% for copyright subjects of audiovisual works).

Compensation for retransmitted radio programmes is only distributed to copyright subjects of musical works.

Within the confines of each television or radio programme, the compensation for retransmission is distributed according to programme lists handed in by broadcasters covering works used during the period in question.

Compensation reserve is accumulated to meet the cases when no usage of works is reported by television or radio programme schedules or the users of works lack the necessary documents to be able to identify subjects of copyright and shares of compensation due to them. Compensation from the reserve is paid after receipt of an application with the title, the authors, the electronic media organization responsible, and the time of exploitation of the work indicated in writing.

## **6.2. Radio and Television Programmes Produced Abroad**

The compensation is distributed in view of the following proportions among retransmitted programmes:

42% to organizations for collective management of musical works  
21% to organizations for collective management of literary works  
6% to organizations for collective management of visual works  
31% to organizations for collective management of audiovisual works

Compensation for retransmitted radio programmes is only distributed to organizations for collective management of musical works.

## **7. Distribution of Blank Media Compensation**

### **7.1. Distribution of Blank Media Compensation Collected in Latvia**

The amount of blank media compensation is distributed among categories of works according to the results of the latest research on copying and recording of works.

Blank media compensation is paid to Latvia's subjects of copyright, and to foreign organizations of collective management of economic rights in compliance with the authorization agreements with foreign organizations of collective management of economic rights.

In distribution process, the analogy method is applied to the subjects of copyright and foreign organizations of collective management of economic rights.

### **7.2. Distribution of Blank Media Compensation Received from Abroad**

Using the analogy method in distribution, the compensation is distributed to those subjects of copyright that are represented directly by AKKA/LAA, and have received compensation from foreign organizations of collective management of economic rights during the period in question.

## **8. Distribution of Compensation from Public Borrowing**

The compensation is distributed among groups of subjects of rights (authors, performers, phonogram producers and film producers) in proportion to the frequency of borrowing of objects of copyright and neighbouring rights. Compensation attributable to performers, phonogram producers and film producers is transferred to the organization of collective management representing the relevant subjects of rights.

Compensation to the subjects of copyright is distributed using the method of proportional distribution, on the basis of the statistics of borrowing per year obtained from a research conducted at selected libraries of Latvia where distribution by selection was examined.

## **9. Distribution of Interest from Deposits and other Interest**

During distribution, interest from deposits and other increments of income from management of rights is added to the distributable amount that has caused the relevant increment of income.

## **10. Distribution of Penalties**

During distribution, income from penalties (forfeits) is added to the distributable amount coupled to the relevant license or licensing agreement.

## **11. Distribution of the Reserves**

Reserves are formed concerning those categories of use of authors' works where, according to the Copyright Act, collective management of rights is the only option. The accumulated reserve is stored during three calendar years after expiry of the financial year that saw the relevant usage, and during the above period demanded and identified compensation due to the rights holders represented on the basis of Law, is paid. The reserved amount remaining after expiry of the three-year term is used according to the General Regulations of AKKA/LAA concerning the use of non-payable income from management of rights.

## **12. Final Provisions**

12.1. AKKA/LAA Council develops more detailed procedures and order of application of the present Rules for each kind of distribution. The procedures and order shall not contradict the present Rules, provisions of the Copyright Act, Act of Collective Management of Copyright, or Regulations adopted by the Cabinet of Ministers on the basis on the relevant normative acts.

12.2. The Council of AKKA/LAA has the right to take decisions concerning kinds of distribution that are not covered by the present Rules. After taking such decisions, the Council shall add the question of supplementing the present Rules to the agenda of the soonest general assembly.