

EU4IP

Strengthening Intellectual Property
Rights in Moldova and Ukraine



Funded by
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Title III of the Directive 26/2014/EU - multiterritorial licensing of authors' musical rights for online uses

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Traditional Collective Licensing Model



repertoire entrusted by the CMOs
members/ others rightsholders
based in particular territory



repertoire represented within specific
territory under representation agreement
with local CMO (mutual exchange of
repertoires)



multiple users operating and using content
within particular territory

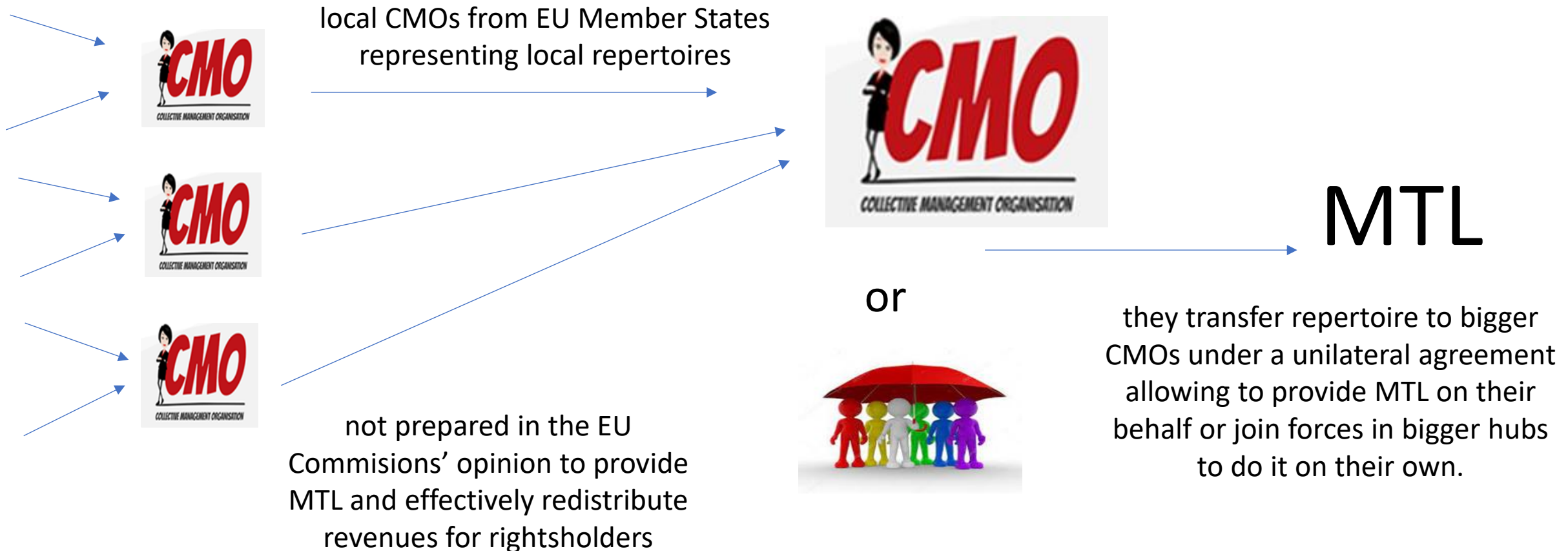
Emergence of multiterritorial music streaming services



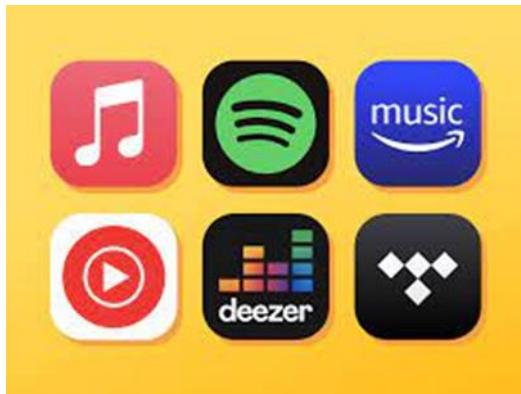
The on-demand exploitation of content requires the bundle of licences covering both exclusive rights at hand – mechanical rights („Mechs”) and performing rights („PERFs”).

The emergence of music downloading/ streaming services – many of them operate globally or at least on many territories which in the traditional model of licensing will require a separate license for each territory.

Collective multi – territorial licensing – ideal model worked out by the EU Commission in directive 2014/26/EU



Collective multi – territorial licensing – real life 10 years after the implementation of the EU Commission’ model



CMOs offering MTL as prescribed in the Directive 2014/26/EU

CMO offering mono-repertoire (repertoire from one Member States) licences for many territories – untypical MTL

so-called licensing hubs (e.g., ICE, Mint, SACEM network) – on behalf of several CMOs involved in such structure (legal obligations similar as in case of CMOs)

still need to have around 25 licenses
to operate with all the accessible repertoires
MTL offered by CMOs subsidiaries
on the territories of all 28 EU Members

some non-EU repertoires still represented under traditional
bilateral agreements// specific catalogues offered by
independent management entities or music publishers directly
(possibility to withdraw some non-EU repertoires still
the rights from CMO)

Additional obligations of CMOs granting MTL



1. should accurately identify each work and rightsholders of each work exploited on each territory covered by the MTL (and use the unique identifiers for this purpose);
2. should be prepared to indicate and resolve inconsistencies regarding identification;
3. needs to provide complex information about repertoire offered to the interested online providers;
4. needs to safeguard technical solutions enabling the massive correction of data to rightsholders, CMOs involved and online providers;
5. constant monitors the use of works exploited under MTL;

Additional obligations of CMOs granting MTL



6. offers online providers possibility to provide accurate information about exploitation;
7. must accurately and rapidly invoice the provider for the reported exploitation (allowing also in the meantime to challenge the accuracy of invoice);
8. must without delay and accurately redistribute the revenues collected under MTL;
9. obliged to represent all the repertoires on non-discriminatory basis (the same terms and conditions as for own repertoire), provide all information necessary to distribute collected revenues, obligation to offer all the repertoires mandated to online service providers.

Additional obligations of CMOs vs scale of exploitation



million songs made available for around 0,5 billion users all Around the world just by one leading music streaming service



new tracks uploaded on this service daily



several authors and music publishers whose rights may sometimes be split in different catalogues represented by different CMOs or other intermediaries
(possibility to change CMO/ carve out certain rights)

every song should have unique identifier (such as ISWC) - a dumb number with access to information on the title, author, composer and arranger of musical work

Granting MTL in practice

Typical model of data exchange between CMOs and providers



←

1. **primary collection**

A) monthly/ quarterly report of all uses

B) automatic and manual matching of tracks from report with the database of CMO repertoire – 30/45 days



→

C) CCiD (Claim Confirmation and Invoicing Details – identified tracks from repertoire of particular CMO(their market share)

D) invoicing

←

E) problem of double claims – two entites have claims to the same repertoire (constant movement of rightsholders between different licensing entities)

Granting MTL in practice

2. **secondary collection** (concerning not identified tracks/ ownership unknown/ missing/ incorrect data)

two stages (back claims – the process similar as if during the primary collection once again/ residuals) or one stage (residuals)

last financial settlements after 18 months from exploitation – residuals calculated after the last double-claims issues solved/unsolved



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