

Case Study
REVENUES FROM COLLECTIVE RIGHTS LICENSING

■ **Introduction**

Music right holders have three main sources of return from the exploitation of their works:

- 1) **Direct sales** to individuals through retailers (record shops, supermarkets and online sellers)
- 2) Revenues derived from **live music performances**
- 3) **Licensing of rights to commercial users**; these users – record companies, broadcasters or public performance outlets - require the music product as an input into their final products.

Licensing of rights to commercial users is usually exercised through collecting societies. Collecting societies act as a one-stop-shop between the myriads of rights holders (authors, composers, publishers, record companies, singers, players) and the users of rights.

There are several different types of music collecting societies. Some of them act on behalf of authors and publishers, others on behalf of performers and/or phonogram producers - in some countries there are joint

collecting societies standing for performers and record producers at the same time.

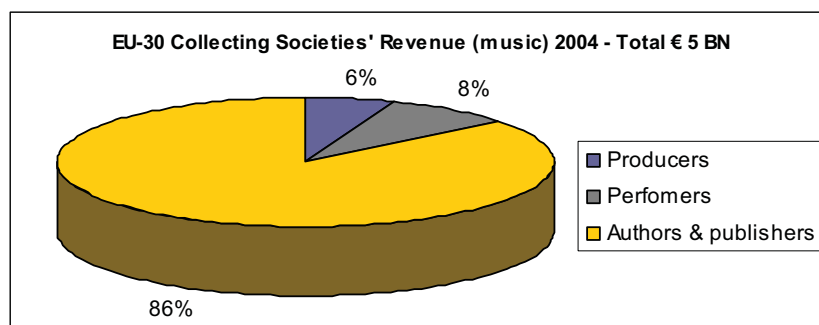
■ **Collecting societies in figures**

● **Collected revenue**

In Europe there are more than **60** music collecting societies that collected **€ 5 billion** in revenues in 2004 - the numbers breakdown as follows: authors' and publishers' societies collected € 4.4 billion (86% of the total); records producers' societies collected € 293 million (6%) and performers' societies € 350 million (8%).

The following figure presents the breakdown of the revenues collected by music collecting societies on behalf of authors, composers, publishers, performers and record companies in Europe in 2004:

Figure 30. EU30 Collecting societies' revenues (music 2004)



Source: KEA

a. Copyright

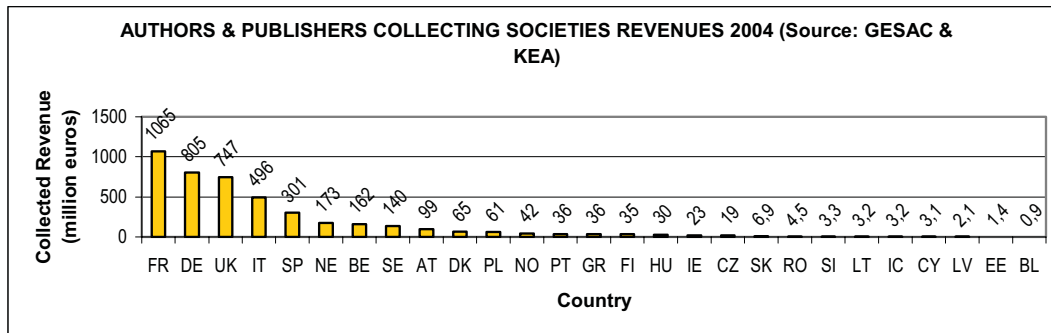
The following graph presents the revenues collected by authors' and publishers' collecting societies across Europe, except for Malta (where rights are administered by an

agency of the UK Society MCPS-PRS), Luxembourg (where rights are administered by a branch of the French society SACEM) and Liechtenstein (revenues for Liechtenstein authors are collected by the Swiss collecting

society SUIISA). It should be noted that some authors' collecting societies manage not only music rights but also other categories of rights such as audiovisual works, as is the case of SGAE in Spain, and any authors' rights (visual,

audiovisual and musical) - this is the case of the following societies: SABAM (Belgium), SIAE (Italy), EAU (Estonia), AKAA/LAA (Latvia), ARTISJUS (Hungary), LATGA-A (Lithuania), ZAIKS (Poland) and SPA (Portugal).

Figure 31. Authors and publishers collecting societies' revenues 2004



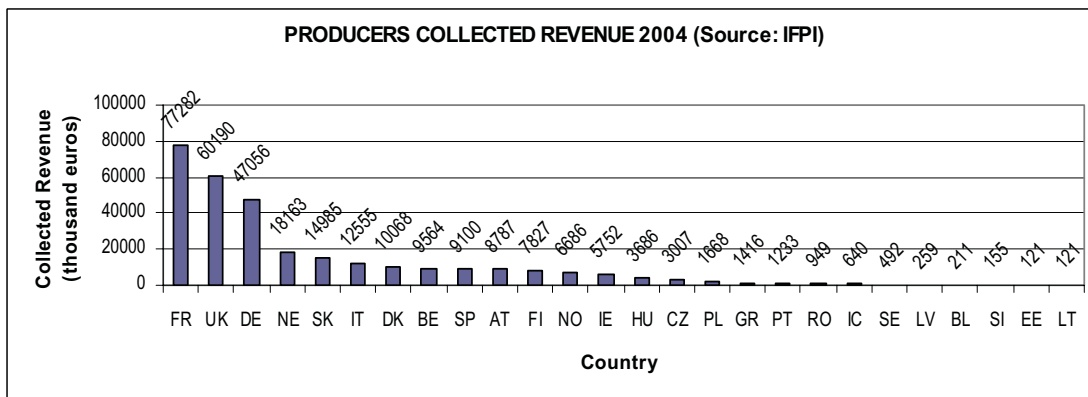
b. Related Rights

Related rights are the rights administered by collecting societies representing record producers and music performers. In some cases a single society administers both types of rights.

- The Graph below gathers economic information for **phonogram producers** in all the examined countries except for Malta, Luxembourg, Cyprus, and Liechtenstein.

For these joint collecting societies, revenue collected on behalf of producers is presented in the "producers' graph" below, whereas the revenue collected for performers is in the "performers' graph" below.

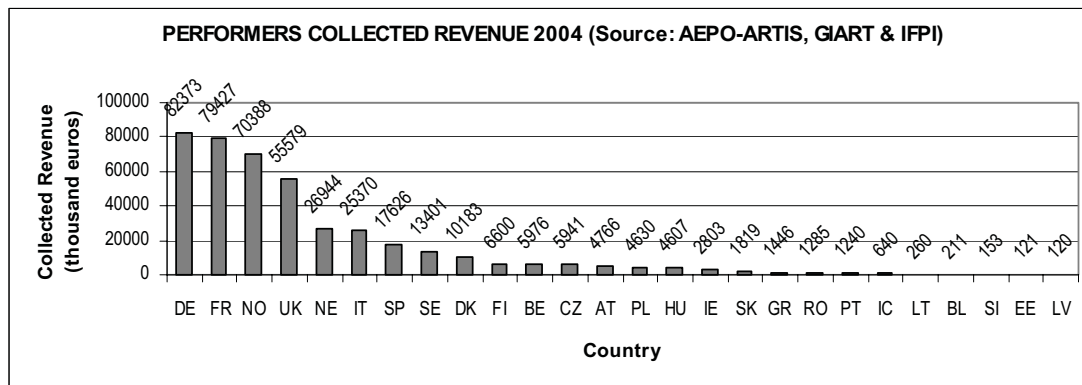
Figure 32. Producers collected revenues 2004



• The **performers'** graph below presents the revenue collected in all the examined countries except Malta, Luxembourg and Cyprus. It should be noted that some performers collecting societies represent also audiovisual

performers as it is the case for the French society ADAMI & SPEDIDAM, Belgium's URADEX, Lithuania's AGATA, Netherlands's NORMA, Poland's STOART, Slovakia's INTERGAM and OZIS and Sweden's SAMI.

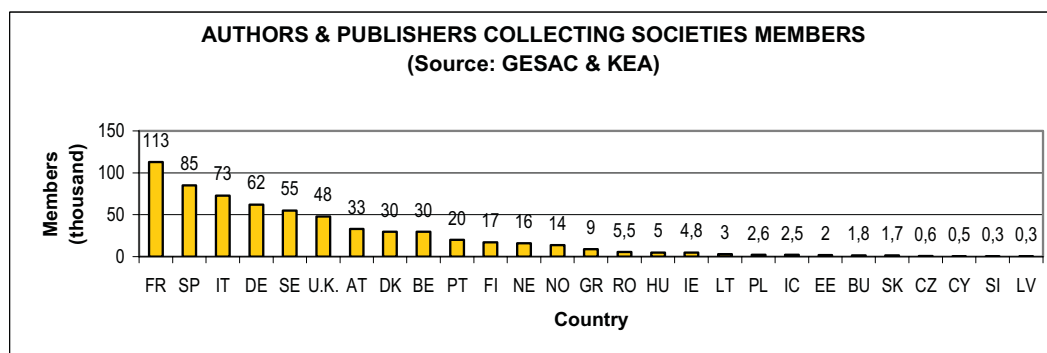
Figure 33. Performers collected revenues 2004



• **Members**

The total number of members affiliated to European authors and publishers collecting societies (Malta, Luxembourg and Liechtenstein aside), is 635,000:

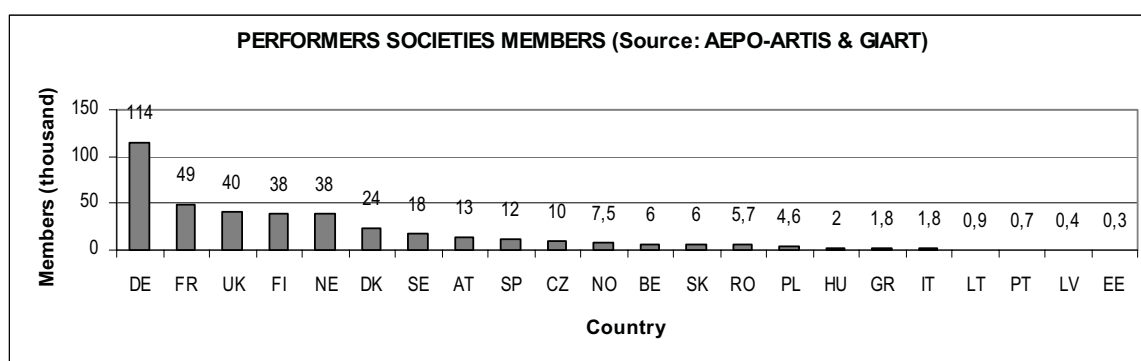
Figure 34. Authors and publishers collecting societies members



The number of performers affiliated to a collecting society in the EU, Norway and Romania is 394,000; this figure also includes audiovisual performers, since it is not

possible to differentiate music and audiovisual performers in their membership.

Figure 35. Performers societies members



Conclusion

The licensing of rights is an important economic activity and it is also an essential tool to enforce copyright - the only asset companies and individuals creating works of art have. Collecting societies play a main role as intermediaries between the general public and creators, since otherwise a composer or an artist would not be able to receive a fair compensation from the public uses made of his work.

From an economic point of view, collective management of music rights is a significant source of revenues for artists, publishers and producers. Societies in Europe collected more than 4.35 billion Euro in 2004 on behalf of authors/composers and music publishers. This is almost three times what is collected by societies in the USA and more than five times the amount collected in Japan²². Collective rights management was born in Europe at the end of the 19th century and still represents a source of competitive advantage for European creators in comparison with artists established in territories where the practice of collective management is less developed.

²² 1.5 billion Euros were collected in 2003 by HFA, ASCAP and BMI in the USA – Music and Copyright 292, (2005). 790 million Euros were collected by JASRAC in Japan in the year ending on March 31, 2006. GEMA in Germany collected alone 852.2 million Euros in 2004.