

An overview of joint royalty rates — Joint royalty rates of karaoke machines

February 2017



outline

➤ An overview of joint royalty rates

✓ Background

- Legislation
- Multiple CMOs
- Problems facing licensing market for karaoke machines

✓ Process of setting joint royalty rates

➤ Implementation of joint royalty rates

➤ Impact of implementing joint royalty rates

➤ Future challenges

Legislation

Article 30 of the Copyright Collective Management Organization Act (added in 2010):

The copyright specialized agency may designate relevant CMOs to adopt a joint royalty rate with respect to a specified type of exploitation.

The designated CMOs under the preceding paragraph shall engage in consultation in order to adopt the joint royalty rate and methods of distribution of royalties, to be collected from users by one of the CMOs.

- ✓ This addition was modeled on the copyright law of Switzerland
- ✓ Users find it difficult to negotiate royalties and make payments due to different payment standards of CMOs
- ✓ The copyright specialized agency may require setting joint royalty rates and designate one-stop shop for collecting rates where payments should be made to more than two CMOs for exploitation of huge amount of works

Multiple CMOs



(MCAT: Registration approval
revoked in February 2016)

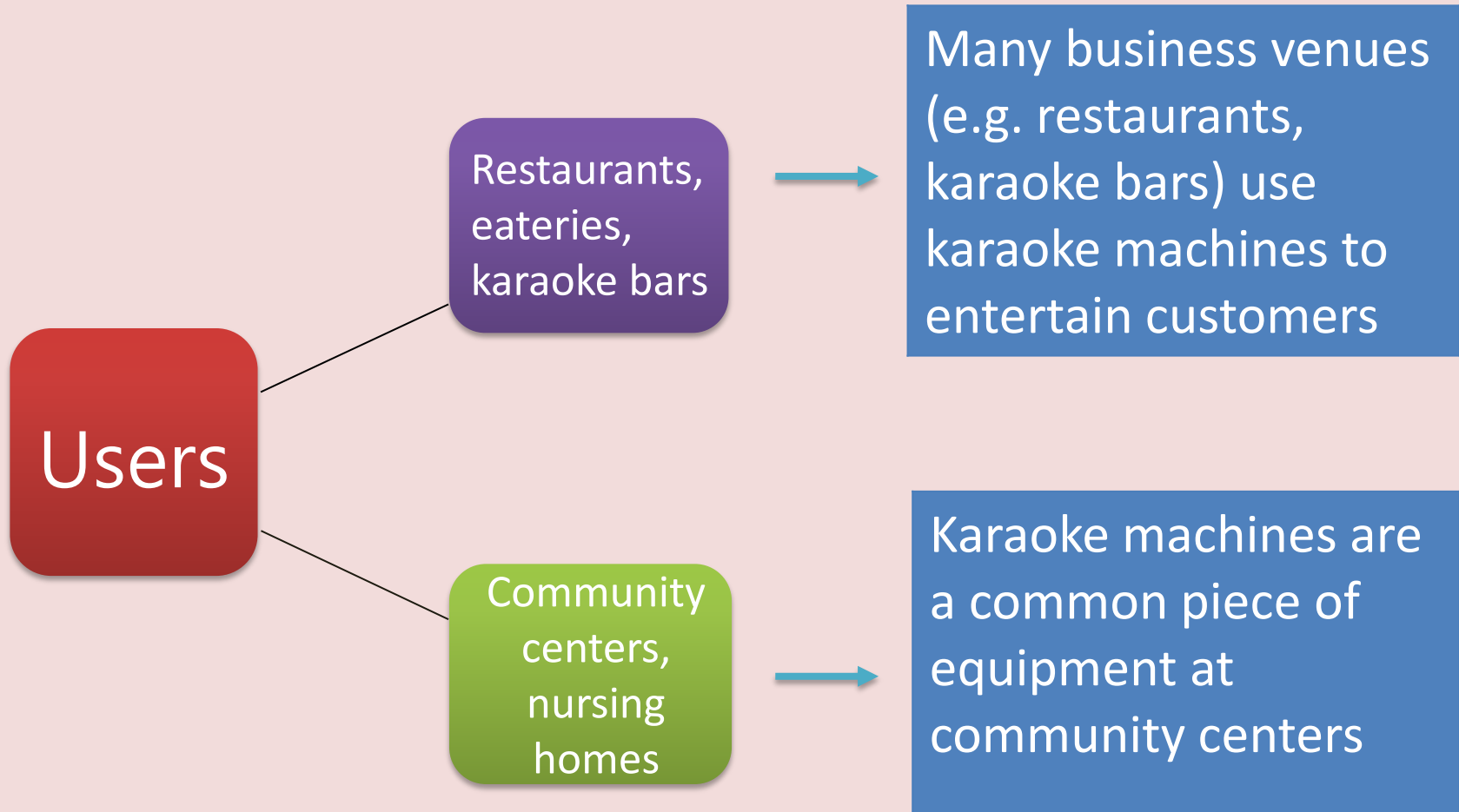
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Musical works

Public broadcast
Public performance
Public transmission

Licensing market for karaoke machines



Problems facing licensing markets for karaoke machines

Users (restaurants, eateries, and community centers)

- ✓ Inconvenience in obtaining licenses
- ✓ Duplicate payments to multiple CMOs may occur

CMOs

- ✓ Karaoke machines are widespread and in large quantity
- ✓ It is not easy for CMOs to carry out licensing ,CMOs may illegally commission third parties to carry out licensing

TIPO

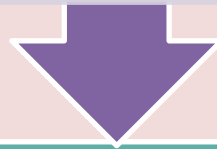
- ✓ Could trigger judicial controversies
- ✓ May intervene in controversies over licensing between parties



Process of setting joint royalty rates

Designated types of use

A joint royalty rate for karaoke machines is set by TIPO



Negotiation among three CMOs

One-stop-shop
collection

joint royalty rate

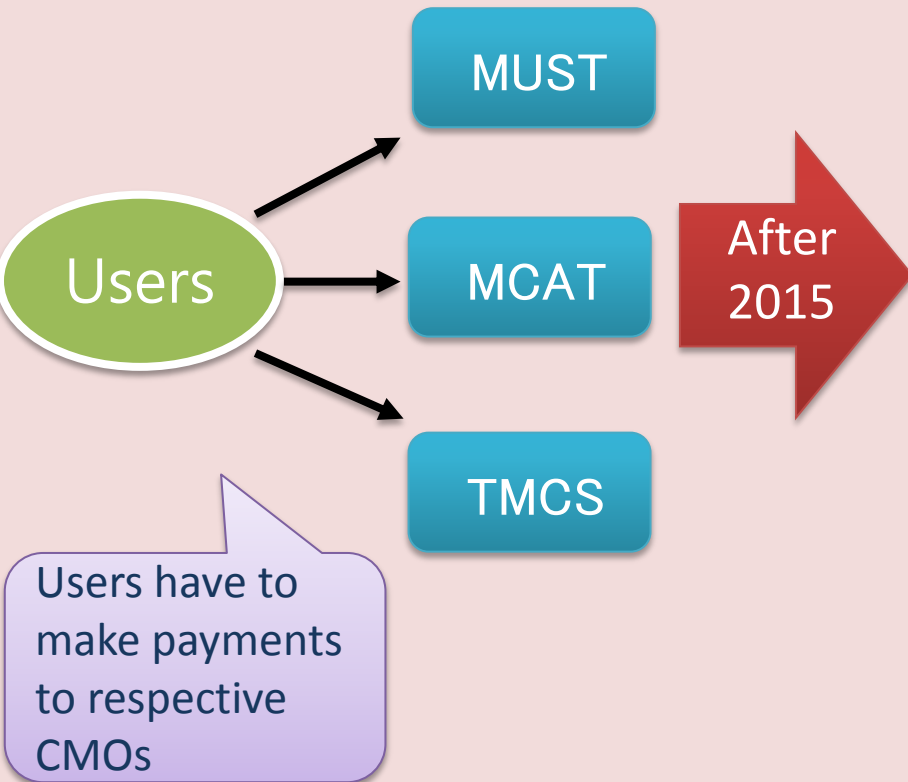
methods of royalties
distribution



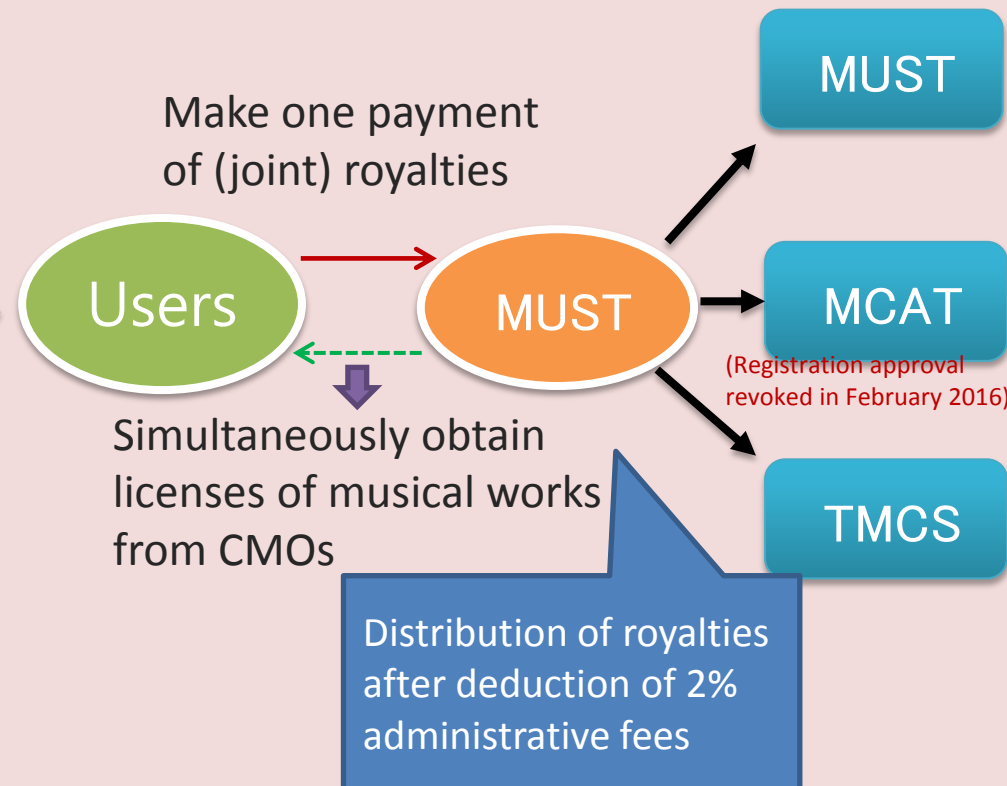
If agreement cannot be reached, MUST may request TIPO to make a determination (§30Ⅲ)

Implementation of joint royalty rates

Before implementation



After implementation



Implementation of joint royalty rates

		Before implementation (2014)	After implementation (2015)
For-profit business venues (restaurants, eateries)		NT\$10,000 (\$318.3)	NT\$9,000 (\$286.5)
Non-profit venues (community centers)	Cultural, educational, or other purposes of public interest	NT\$7,000 (\$222.9)	NT\$6,300 (\$200.5)
	For public- interest and non-profit purposes	NT\$3,500 (\$111.4)	NT\$3,150 (\$100.3)

Implementation of joint royalty rates

Joint royalty rates (exclusive of KTV parlor operators)

2015

- Annuity: NT\$9,000 (\$286.5) per karaoke machine for for-profit public performances
- Public performance for public-interest purposes
 - (1) Annuity: NT\$6,300 (\$200.5) per karaoke machine for public performances of cultural, educational, or other public-interest purposes
 - (2) Annuity: NT\$3,150 (\$100.3) per karaoke machine for public-interest and non-profit purposes

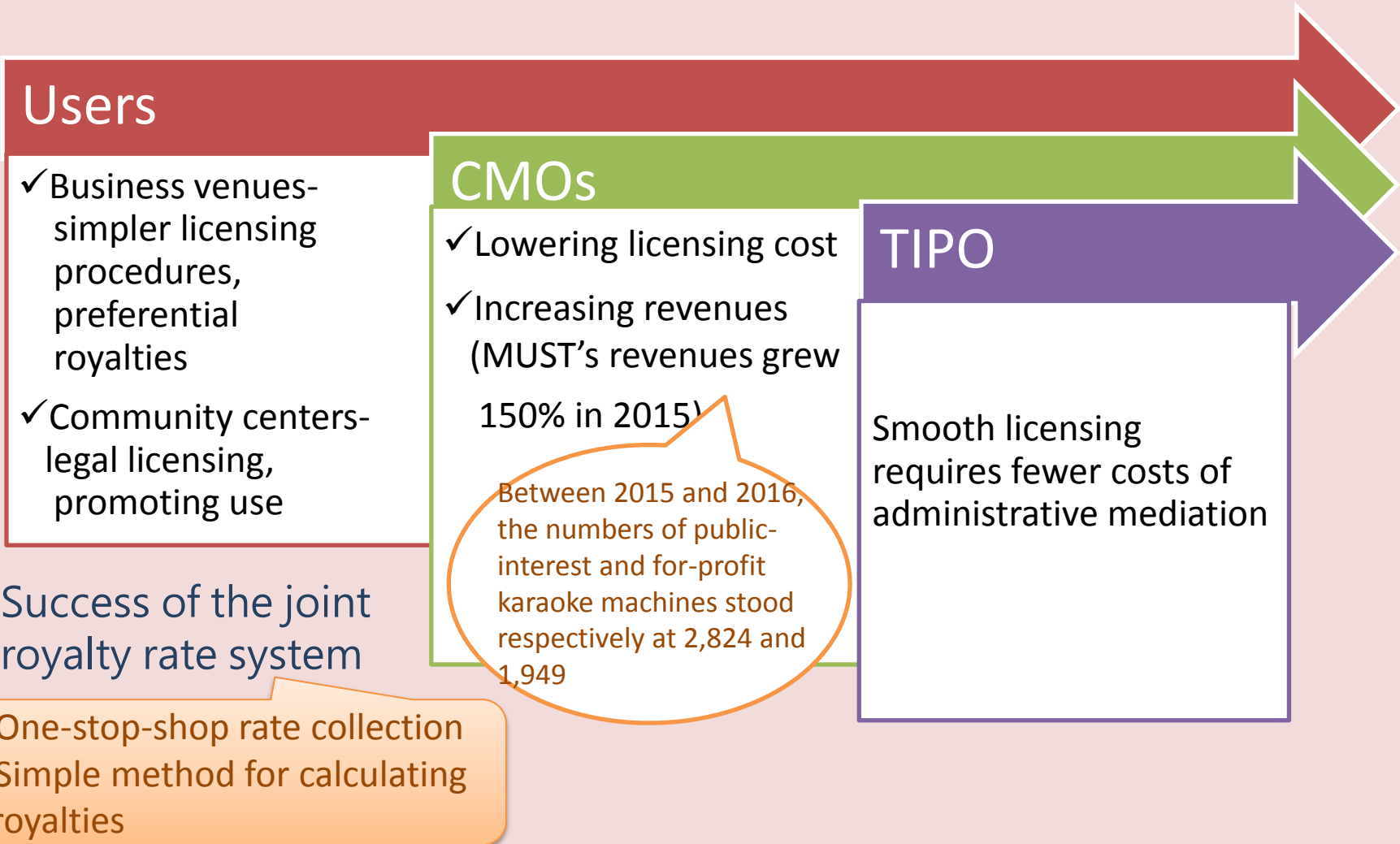
2016

- Annuity: NT\$6,300 (\$200.5) per karaoke machine for for-profit public performances
- Public performance for public-interest purposes
 - (1) Annuity: NT\$4,410 (\$140.4) per karaoke machine for public performances of cultural, educational, or other public-interest purposes
 - (2) Annuity: NT\$2,205 (\$70.2) per karaoke machine for public-interest and non-profit purposes

Revocation of MCAT's registration approval

Impact of implementing joint royalty rates

➤ A win-win-win situation



Future challenges

- Can the system of joint royalty rate be applied to other types of royalties such as TV and public broadcast?
- ✘ The types of exploitation (of copyrighted works) are different
- ✘ CMOs adopt different royalty rate standards
- ✘ These industries are more complicated in structure

Thank you

han00615@tip.gov.tw

