

BIEM • IFPI

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Sound Carrier Contract 1998  
Denmark

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**n**o**b**

Nordisk Copyright Bureau



This CONTRACT is made between

NORDISK COPYRIGHT BUREAU

whose registered office is at

Frederiksgade 17  
DK-1265 Copenhagen K  
Denmark

hereinafter called “NCB”

of the one part

and

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hereinafter called “The Producer”

of the other part.

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## II REPERTOIRE

### A. Repertoire of NCB

- (1) The repertoire of NCB comprises the copyright works for which the management and administration of the mechanical rights of reproduction has been or will be entrusted to NCB.
- (2) The relevant term of protection is that granted by the law in the country of sale of the sound carrier, provided that the said term shall not exceed the term granted by the law in the country of origin of the work with due consideration to bi-lateral and multi-lateral conventions between the countries. Where the law in the country of sale of the sound carrier provides no protection for literary and musical works, the term of protection to apply is that set out by the law in the country of manufacture of the sound carrier.
- (3) As regards Nordic works, the mechanical rights of reproduction mentioned below have been entrusted to the management and administration of NCB:
  - ◆ Denmark: Musical works with or without the associated lyrics – rights entrusted to NCB through KODA or through a direct membership agreement literary and dramatico-musical works insofar as NCB has been entrusted with the administration of such rights.
  - ◆ Finland: Musical works with or without the associated lyrics – rights entrusted to NCB through TEOSTO. Dramatico-musical works insofar as NCB has been entrusted with the administration of such rights.
  - ◆ Norway: Musical works with or without the associated lyrics – rights entrusted to NCB through TONO. Dramatico-musical works insofar as NCB has been entrusted with the administration of such rights.
  - ◆ Sweden: Musical works with or without the associated lyrics – rights entrusted to NCB through STIM. Literary and dramatico-musical works insofar as NCB has been entrusted with the administration of such rights.
  - ◆ Iceland: Musical works with or without the associated lyrics – rights entrusted to NCB through STEF.
  - ◆ Lithuania: Musical works with or without the associated lyrics – rights entrusted to NCB through LATGA-A.
  - ◆ Estonia: Musical works with or without the associated lyrics – rights entrusted to NCB through EAÜ.
- (4) The mechanical rights of reproduction which have been entrusted by the associated BIEM societies to the administration of NCB appear from Annex No. 2 to this Contract. NCB undertakes to keep this list up to date.
- (5) If a rights owner has already entered into an agreement with the Producer at the time when he entrusts his rights to NCB, the agreement between the rights owner and NCB shall replace the agreement between the rights owner and the Producer during the subsistence of this Contract.

The same provision applies in the case of the rights owner being a society or an organization managing the rights of mechanical reproduction for all its members.

At the Producer's request, NCB shall prove that the rights owner is a member of NCB. If the term of the agreement between the rights owner and the Producer exceeds the term of this Contract, it shall be suspended only for a period equal to the term of this Contract.

## **B. Exceptions**

- (1) The general licence to exploit NCB's repertoire through mechanical reproduction does not include the below instances, which require special permission from the rights owner as the moral rights of the rights owners – "droit moral" – have not been entrusted to NCB:
- (2)
  - a) New music for existing lyrics.
  - b) Translation of lyrics into another language or adapted translation.
  - c) New lyrics for existing music.
  - d) Adaptation or arrangement of a copyright work (music and/or lyrics).
  - e) First recording on commercial sound carrier of a work with or without associated lyrics.
  - f) Fragmentary reproduction of a work. (Any reproduction not exceeding a playing time of one minute forty-five seconds and not constituting the whole of a work shall be considered a fragment).
  - g) The use of musical works with or without lyrics in connection with advertising.
- (3) At NCB's request the Producer shall be able to prove that the consent of the rights owner has been obtained for any exploitation as mentioned in Article II B. (2) above.
- (4) The original and authorized character of adaptations or arrangements of works that are in the Public Domain (cf. (2) d)) shall be sufficiently established in that the adaptation or arrangement in question has been approved by the competent authors society.

The competent authors societies in NCB's territory of control are:

- ◆ Denmark: KODA
- ◆ Estonia: EAÜ.
- ◆ Finland: TEOSTO
- ◆ Iceland: STEF
- ◆ Lithuania: LATGA-A
- ◆ Norway: TONO
- ◆ Sweden: STIM.

## C. Restrictions

- (1) NCB reserves the right to defer or prohibit mechanical exploitation of one or more specified works of NCB's repertoire which have not yet been recorded on sound carriers legally imported to or manufactured in NCB's territory of control.
- (2) The restrictions may be limited to only a part of NCB's territory of control if it is a question of a reproduction in full or substantial extracts (thus giving a complete idea of the work) of a work originally created for theatrical performance.
- (3) The restrictions shall be imposed on all producers having entered into a contract similar to this Contract with NCB, and IFPI Denmark shall be informed accordingly.
- (4) If a prohibition is restricted territorially, NCB shall also inform the broadcasting corporations in the territory concerned that any sound carrier reproducing the work in question will be considered an illicit recording.
- (5) NCB may lift such restrictions with a 14-day notice. At the same time, all producers as well as IFPI Denmark shall be informed accordingly.

## D. Modifications to a Work – Moral Rights

- (1) Any modifications to a work which the Producer considers necessary to apply in order to satisfy the requirements of recording shall not have the effect of altering the character of the work, and NCB expressly reserves the moral rights of the authors (*droit moral*).
- (2) Above all, no alteration shall be made to the music or lyrics when literary, dramatico-musical or symphonic works are reproduced mechanically.
- (3) If at the time of recording the Producer has modified a work as mentioned in Article II D. (1) above, he shall not be entitled to any royalties derived from his mechanical reproduction of the work in question.

### III RIGHTS GRANTED TO THE PRODUCER

#### A. Licence

- (1) On the terms and conditions and within the limits set out in this Contract, NCB grants to the Producer a non-exclusive licence to:
  - ◆ make sound recordings of NCB repertoire works
  - ◆ manufacture sound carriers on the basis of such recordings
  - ◆ put the said sound carriers in circulation with a view to their distribution by way of sale for private use through ordinary retail outlets, however, not by way of hiring or lending the sound carriers.
  
- (2) The scope of this Contract is exclusively limited to the below carrier formats as were known and already exploited as at 1st July 1997:
  - ◆ vinyl records (45 rpm, 33 rpm)
  - ◆ CD singles (3 inch or 5 inch)
  - ◆ ordinary CDs (5 inch only)
  - ◆ analogue cassettes (MCs)
  - ◆ Digital Compact Cassettes (DCCs)
  - ◆ MiniDiscs (MDs).

Enhanced CDs can be reported and accounted according to the provision of this Contract. It is a condition, however, that the Producer has cleared all synchronization rights in all audiovisual track. When calculating NCB royalties the works reproduced on audiovisual tracks shall count as separate works irrespective of the fact that they may be identical to works reproduced on the audio tracks of the CD – cf. the provisions of Article VI D. (4).

DAT and DVD do not fall within the scope of this Contract. Any other kind of mechanical reproduction, apart from what is set out in Article III A (2), requires separate agreement between the parties.

- (3) Exploitation of NCB's repertoire on any other device than sound carriers is not covered by this Contract. This also applies to all kinds of CD-ROMs as well as discs containing one or more audiovisual or CD-ROM tracks, provided that such tracks contain NCB repertoire. Cf. however the provisions concerning Enhanced CDs in Article III A. (2).
  
- (4) The licence defined in Article III A. (1) shall be extended to sound carriers which the Producer has manufactured on the basis of recordings made by any third party on condition that the manufacture or importation of the said recordings has been authorized by NCB. Such recordings shall in all respects be regarded as recordings made by the Producer himself, and their exploitation shall be subject to the provisions of this Contract.

- (5) Recording matrices/master tapes as well as sound carriers legally exploited by the Producer according to licences previously granted by NCB or by any of NCB's sister societies shall be covered by the provisions of this Contract.
- (6) This Contract does not grant any right to the Producer to put into circulation sound carriers with a view to their rental.

If any third party wishes to carry out rental of legally manufactured sound carriers, which belong to the Producer's catalogue and reproduce works of NCB's repertoire, any such act shall only be authorized subject to an agreement being reached between the Producer and NCB in relation to royalties or fees payable to the Producer and NCB.

In the event that the Producer refuses rental by any third party, NCB shall not itself authorize such rental.

## IV OBLIGATIONS OF THE PRODUCER

### A. Compulsory Label Information

- (1) No sound carrier reproducing a work or a fragment of a work belonging to NCB's repertoire shall leave the manufacturing plant unless NCB's logo has been reproduced on the label.

The NCB logo in camera-ready form will be made available to the Producer upon signature of this Contract.

- (2) In the event that sound carriers are exported to countries outside NCB's territory of control, the label shall bear the BIEM logo followed by that of NCB.

The BIEM/NCB logo in camera-ready form will be made available to the Producer upon signature of this Contract.

- (3) In the case of manufacture carried out by the Producer by way of group pressings or centralized manufacture, each sound carrier shall bear the BIEM logo followed by that of the associated society of BIEM which licenses the relevant recording.

- (4) The following notice – or a similar notice having the same content – shall appear on the label of each side of the sound carrier either in Danish or in English:

ALLE RETTIGHEDER FORBEHOLDES DEN FONOGRAFISKE PRODUCENT OG EJEREN AF DET INDSPILLEDE VÆRK. UDEN TILLADELSE ER KOPIERING, UDLEJE, UDLÅN, ANVENDELSE AF DETTE FONOGRAM TIL OFFENTLIG UDFØRELSE OG RADIOSPREDNING FORBUDT.

ALL RIGHTS OF THE PRODUCER AND OF THE OWNER OF THE WORKS REPRODUCED RESERVED. UNAUTHORIZED COPYING, HIRING, LENDING, PUBLIC PERFORMANCE AND BROADCASTING OF THIS RECORDING PROHIBITED.

- (5) On the label of each sound carrier there shall be reproduced the following information on each work reproduced:

- ◆ recording title and – where appropriate – original title
- ◆ composer, lyricist, translator, arranger, local publisher and – where appropriate – original publisher.

- (6) Where it is technically impossible for the Producer to print on the labels all the information mentioned above, at least the recording titles and original titles of the works must appear on the labels, whereas other information mentioned in Article IV A. (5) must be printed on the cover, inlay, booklet etc.

- (7) The information mentioned in Article IV A. (5) above must be recorded on the information tracks of CDs, DCCs and MDs, if any.

## **B. Co-exploitants of the Producer**

- (1) The Producer is under a contractual obligation to NCB not only in his own name but also in the name and on behalf of his co-exploitants as far as their services are part of an agreement with the Producer.
- (2) For the purposes of this Contract the expression “co-exploitants” shall mean any person, firm or company which carries out or arranges the manufacture (e.g. recording, pressing or duplication) of sound carriers bearing the Producer’s trademark or trade name and any person, firm or company which acts as exclusive distributor of such sound carriers.
- (3) At NCB’s request the Producer undertakes to submit to NCB a declaration by his co-exploitants confirming that they on their part shall ensure NCB access for audit and inspection purposes.

## V REPORTING BY THE PRODUCER

### A. Labels Exploited

- (1) The licence referred to in Article III A. (1) is granted only for record labels notified by the Producer to NCB:  

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- (2) The licence shall be extended to any new labels the Producer may wish to exploit, provided that the Producer has given NCB written notice in advance and that their registration has been confirmed by NCB prior to their exploitation.
- (3) If any labels notified by the Producer have already been notified to NCB by another producer, the licence can be extended to include these labels only if all obligations of whatsoever nature in relation to sound carriers previously issued bearing such labels owed to NCB or any other associated society of BIEM have been fulfilled.
- (4) As a rule NCB accepts only one producer in Denmark as being responsible for the payment of royalties for any given label. However, sound carriers supplied under a record club or mail order agreement may constitute an exception to this rule.
- (5) The notifications referred to in Article V A. (1), (2) and (3) above are made solely on the Producer's responsibility, and he shall indemnify NCB against any valid claims related to labels notified by him.
- (6) Any record label notified to NCB is considered to belong to the producer who notifies it to NCB. In the event of any dispute between two producers as regards the right of exploitation of a given label, the dispute shall be settled between the producers before any further exploitation of the label can be authorized by NCB.
- (7) The obligations of the Producer shall be extended to the manufacture of sound carriers made by any third party under the Producer's label(s) and by the Producer's order.
- (8) Sound carriers issued on any of the labels notified by the Producer to NCB and for which mechanical royalties have not been paid shall not be transferred to any third party unless NCB's prior written consent has been obtained.
- (9) If the Producer ceases to represent a label, he shall advise NCB accordingly in writing not later than 14 days after the date on which the cessation took effect.

- (10) The Producer shall also inform NCB of name and address of the producer who hereinafter is to represent the label and also supply NCB with a list of the sound carriers on the label in question which were transferred to the other producer when he took over the representation.

## **B. Information on Sound Recordings**

- (1) At NCB's written request the Producer undertakes to furnish NCB with all the information required as regards recordings he makes in his own studios or in independent studios or at any other location.

## **C. Registration of Releases**

- (1) The Producer undertakes to register with NCB – not later than on the day the sound carriers are released – all the works he
- a) reproduces on the basis of his own recordings
  - b) exploits by means of recording matrices/master tapes furnished to him by third parties
  - c) exploits under a new catalogue number
  - d) exploits on another sound carrier format
  - e) imports exclusive of royalties.
- (2) All works reproduced on a given sound carrier – including any “hidden tracks” – shall be registered. The ISRC code shall be indicated upon registration.

Registration of sound carriers shall in other respects be according to the procedure drawn up by NCB:

- a) either by electronic registration on floppy disk using NCB's PC software “COVER” together with an actual copy the sound carrier
- b) or by reporting on tape according to NCB's specifications for record layout together with an actual copy of the sound carrier
- c) or by submission of a copy of the finished sound carrier or label copy together with a special identification form, which the Producer may obtain from NCB free of charge.
- d) Registration of sound carriers with identical contents
  - already registered with NCB under another catalogue number
  - already registered with NCB under another producer registration number
  - already registered with NCB as another sound carrier format

shall be made either by electronic registration on floppy disk using NCB's PC software "COVER" or on a special registration form (the so-called Data Reproduction Form – "Reproduktionsbegæring") which the Producer may obtain from NCB free of charge.

- (3) In no circumstances shall sound carriers or recordings of different contents bear identical catalogue numbers if they are released on the same record label.
- (4) On the registration form submitted to NCB the Producer shall indicate place of manufacture or purchase of the first issue of the sound carrier in question.
- (5) By return NCB shall send a receipt to the Producer for the registration forms submitted.

#### **D. Notice of Deletions**

- (1) At the end of each accounting period the Producer shall inform NCB of sound carriers he decides to delete from his catalogue. Notice of deletions shall be indicated on the so-called Statement of Outgoings ("Salgsrapport") – cf. Article V F. (2).

#### **E. Catalogues and Supplements, Lists of Prices, Booklets/Inlays**

- (1) The Producer shall on his own initiative and free of charge supply the following documents to NCB:
  - a) one copy of booklets/inlays of each sound carrier manufactured unless the sound carrier has been registered according to the provisions of Article V C. (2) c)
  - b) two copies of all catalogues, supplements to catalogues and newsletters (lists of new issues)
  - c) two copies of each list of published dealer prices (PPD prices) covering all his record labels up-dated for each label and each country

#### **F. Reporting of Outgoings from Central Warehouse**

- (1) Reporting to NCB of number of sound carriers shipped from the Producer's central warehouse during an accounting period shall be made twice a year according to the procedure drawn up by NCB.
- (2) The reporting shall be made on a special list (the so-called Statement of Outgoings – "Salgsrapport") which is prepared by NCB and sent to the Producer or electronically as set out in Article V F. (4):
  - ◆ in July, covering the first six months of the current calendar year
  - ◆ in January, covering the last six months of the preceding calendar year.

- (3) The Producer undertakes to deliver to NCB – within one month after receipt – the Statement of Outgoings (cf. (4) below), giving all details as to
- ◆ quantities shipped
  - ◆ countries of destination
  - ◆ highest list price published to dealers for the period in question for each country concerned, which is the price that forms the basis of royalty calculation (cf. Articles VI C. and VI E.).
- (4) The parties may agree that the reportings mentioned in Article V F. (2) and (3) may be delivered in the form of computer magnetic tapes according to NCB's directions for record layout.
- (5) In addition to the provisions of Article V F. (1), (2) and (3) above, the following shall apply to exports of sound carriers to the USA:
- ◆ The reporting of the contents of each catalogue number, quantities exported as well as name and address of the US importer shall reach NCB not later than on the date of shipment. The reporting shall be made on special forms made available by NCB.
- (6)
- a) In the case of exports inclusive of royalties to a licensee or an affiliate of the Producer having its registered office in another European country the Producer can make arrangements with NCB to the effect that the half-yearly Statement of Outgoings covering such shipments/exports shall be made out by the Producer in such a way that the number of sound carriers which at the end of an accounting period still remains in the warehouse of the licensee or of the affiliate shall be set off against the number of sound carriers of the same catalogue number which has left the Producer's warehouse during the said period.
  - b) In order to apply the above provision it shall be a prerequisite that the Producer is able to produce evidence that his licensee or his affiliate has entered into an agreement similar to this Contract with the BIEM society of the importing country.
  - c) As for the calculation of royalties for such exports cf. Article VI E. (3).
  - d) NCB and IFPI Denmark may agree to replace the provisions of Article V F. (6) a) above by a flat-rate quantity deduction.
  - e) The provisions of this Article V F. (6) a)-d) cannot be applied if the Producer wants to export sound carriers exclusive of royalties, cf. the provisions of Article VI F. (1).
  - f) The associated BIEM societies of the importing and exporting countries shall be entitled to exercise the rights of audit and inspection (cf. Article VIII) in relation to the sound carriers referred to in Article V F. (6).
- (7) NCB may demand to see specified lists of sound carriers imported by the Producer.
- (8) Together with the Statement of Outgoings (cf. Article V F. (2) above) NCB may demand that the Producer provides specified lists of shipments made exclusive of royalties to record clubs and mail order companies which have entered into an NCB agreement covering the payment of mechanical royalties.

- (9) If the Producer authorizes a distributor to export or re-export sound carriers, the Producer shall see to it that such exports or re-exports are entered in his Statement of Outgoings.

## **G. Reporting of Stock**

- (1) The Producer undertakes – if requested by NCB to do so and only then for specified catalogue numbers – to report his stock to NCB at the end of the accounting period in question, i.e. as at 30th June and 31st December respectively.
- (2) The reporting shall be in the form of submission of stock lists.

## **H. Reporting of Custom Manufacture for Third Parties**

- (1) If the Producer makes custom manufacture for other producers – be they third parties, licensees or affiliates – he is obliged to inform NCB of each instance of such manufacture. If the Producer complies with this obligation, he shall not be responsible for royalty payment for such sound carriers.
- (2) In relation to the exploitation of NCB's works, the Producer shall not act as a custom manufacturer on behalf of any third party who has not entered into a contract with NCB, unless NCB in each case has given him an authorization, in given cases with the consent of the BIEM society in the country of the third party.
- (3) The Producer shall be jointly and severally responsible with third parties for any custom manufacture made in contravention of the provisions of this Article V H.
- (4) In all cases the Producer shall guarantee NCB unrestricted access for the purpose of inspecting and checking the manufacture he makes on behalf of third parties and supply to NCB copies of his despatch or delivery notes indicating quantities delivered of each catalogue number.

## **I. Reporting of Custom Manufacture by Third Parties**

- (1) If the Producer on his own account has custom manufacture made with any third party, licensee or affiliate, he shall inform NCB of each instance, and he undertakes to pay royalties for the sound carriers in question according to the provisions set out in this Contract.
- (2) Upon signature of this Contract NCB shall send to the Producer a list of local manufacturing plants with which NCB has entered into an agreement. If the Producer normally makes use of other plants than those listed, he shall inform NCB accordingly.
- (3) The Producer undertakes to use only such firms as custom manufacturers who are obliged under an agreement with NCB to submit copies of their despatch notes.

## **J. Reporting of Supply of Matrices/Master Tapes**

- (1) In this Contract matrices and master tapes shall include any contrivance from which sound carriers may be manufactured.
- (2) Upon signature of this Contract the Producer undertakes to submit to NCB a list of the firms or individuals whom the Producer regularly supplies with matrices and/or master tapes. The Producer shall keep this list up-dated.
- (3) Any supply of matrices or master tapes to third parties who have a contract with NCB or with any of NCB's sister societies similar to this Contract requires in each case notification in advance to NCB on special reporting forms which the Producer may obtain from NCB.
- (4) Any supply of matrices or master tapes to third parties in the CIS requires in each case the prior written consent of NCB as well as the prior reporting by the Producer as to the number of copies which the relevant third party in the CIS shall be entitled to make on the basis of the matrix/master tape supplied.
- (5) Any supply of matrices or master tapes to third parties who have not entered into a contract with NCB or any of NCB's sister societies similar to this Contract requires the prior written consent of NCB.
- (6) NCB reserves the right to prohibit the Producer from supplying matrices or master tapes to any third parties who have not entered into a contract similar to this Contract with NCB or any of NCB's sister societies.
- (7) The Producer shall be liable for any exploitation of matrices or master tapes which he has placed at the disposal of any third parties in contravention of the provision of Article V J. (3), (4) and (5).
- (8) The exportation of a matrix or a master tape to a country where authorization by the rights owner is required by law only for the first recording of a work does by no means confer any authorization on the importer as to making this first recording through the mere fact that he received the matrix/master tape. Should the matrix/master tape be used for an unauthorized first recording in the country in question, the copies made shall be considered illicit.
- (9) If NCB cannot give its consent to the exportation of masters as set out in V J. (4) and (5) above, the Producer has the possibility, however, of exporting masters by paying mechanical royalties to NCB for the copies manufactured abroad on the basis of the exported masters. In addition to information on the contents of the masters, the Producer shall also inform NCB of the number of sound carriers his licence allows the importer to make on the basis of the masters in question. The calculation of mechanical royalties shall be according to the provisions for exports inclusive of royalties, cf. VI E. and Annex 6.

## VI ROYALTY

### A. Introductory Provisions

- (1) For each sound carrier reproducing one or more works or fragments of works belonging to NCB's repertoire, the Producer shall pay NCB royalties, the amount of which shall be calculated in accordance with the rules set out in Article VI C.
- (2) If NCB as well as any third parties, who are not members of NCB, claim from the Producer the total royalty amount or part of it for the same work, the Producer shall pay the said royalty to NCB. NCB hereby guarantees the Producer against the consequences of any claim made in this respect by the third parties.
- (3) a) If at the time of forwarding its royalty invoice NCB is not in a position to prove that a recorded work belongs to NCB's repertoire, NCB reserves the right to claim royalties for the work in question at a later time when documents of title to the work have been procured.

The amounts of which NCB reserves the right to claim royalties at a later time will appear as "proforma" debits in the Royalty Invoice Specification. When documentation has been procured as to NCB's control of works previously entered as proforma debits, NCB will claim payment for the exploitation of the works in question in its next royalty invoice.

- b) Due to NCB's current redesign of its data processing systems, NCB will not – during the 99/1 and 99/2 accounting periods – be able to supply the above information on works for which NCB does not claim royalties due to lack of documents of title to the works at the time of issuing the royalty invoice.
- (4) The period in which NCB shall be entitled to claim subsequent payments shall be limited to the three years preceding the beginning of the accounting period in which the claim is put forward, provided that it can be ascribed to mistakes on NCB's part. In all other cases the provisions of applicable law shall apply.
- (5) If a third party who is not a member of NCB claims royalties from the Producer for a work which appears to be entered as a proforma item in NCB's invoice to the Producer, the latter undertakes to inform NCB accordingly. Within three months NCB shall advise its definitive position on the matter.

If within the aforesaid period NCB cannot procure document of title proving its control of the work, the work shall be regarded as not being part of NCB's claim against the Producer, however, subject to the latter having paid royalties to a third party who rightfully was entitled to receive them.

- (6) The Producer's request for refund by NCB shall be made within one year after the accounting period in which the erroneous royalty invoicing and payment were made.

- (7) If mistakes on NCB's part should cause incorrect payment or payment to wrong rights owner to be made on the basis of correct reportings and payment from the Producer, NCB shall be held responsible for such mistakes, whereas the Producer shall be held responsible for incorrect reportings and payments and compensate NCB for the costs involved in the correction of such errors.

## **B. Mixed sound carriers**

- (1) Where a sound carrier reproduces works/fragments of NCB's repertoire as well as works/fragments not belonging to NCB's repertoire, NCB shall collect a reduced royalty share only. This share of total royalties shall correspond to the playing time of the works/fragments controlled by NCB as against the total playing time of the sound carrier.
- (2) The share of royalty thus assigned to a work or a fragment of a work of NCB's repertoire shall not be smaller than the fraction corresponding to the number of works or fragments of works set out in Annex 5.
- (3) If a sound carrier reproduces a musical work with associated lyrics and NCB controls either only the music or the lyrics, NCB is obliged to collect the share of royalty which is in accordance with agreements made between the NCB member and the other rights owners of the work. In the absence of such agreements royalties for the part of the work controlled by NCB shall not constitute less than 50 pct of the total royalties payable for the work.
- (4) If a sound carrier reproduces a musical work with associated lyrics and either the music or the lyrics are in the Public Domain, NCB shall be entitled to collect a hundred percent royalties for the work until the rights of the longest living author are also in the Public Domain.
- (5) If a sound carrier reproduces a copyright arrangement of a work in the Public Domain, NCB shall be entitled to collect a hundred percent royalties for the arrangement in question.

## **C. Domestic Sales**

- (1) As regards sound carriers supplied from the Producer's central warehouse with a view to their distribution in Denmark, mechanical royalties to NCB are to be calculated as 11 pct of the Producer's highest list price for each catalogue number, i.e. the price appearing in the Producer's official price list to retail dealers (the so-called "Published Dealer Price" = PPD), cf. Article VI C. (3) below for exceptions to the rule. When calculating mechanical royalties, the Producer is granted a flat-rate cover deduction of 10 pct irrespective of sound carrier format.
- (2) The PPD mentioned in Article VI C. (1) may be reduced by a flat-rate adjustment of 9 pct warranted by invoiced discounts which members of IFPI Denmark usually grant to retail dealers.

The Producer shall indicate his official PPD on the Statement of Outgoings submitted to NCB who shall then make the said adjustment of the price when processing invoices.

- (3) If the Producer has direct sales to consumers and consequently has a fixed retail selling price, NCB and the Producer may agree that royalties for domestic sales can be calculated as 8 pct of the Producer's highest price to consumer (exclusive of VAT and other taxes), i.e. the price appearing in the Producer's official price list to consumer (the so-called "Recommended Retail Price" = RRP). When calculating mechanical royalties, the Producer is granted a flat-rate cover deduction of 7.5 pct irrespective of sound carrier format.
- (4) In addition to the deductions mentioned in Articles VI C. (1), (2) and (3) above, a transitional deduction is granted for DCCs and MDs of 25 pct during the term of this Contract; i.e. up to and including 30th June 2000.

Royalties calculated on the basis of the PPD price:

	11 pct	11.0000%
less	9 pct adjustment	<u>0.9900%</u>
		10.0100%
less	10 pct cover deduction	<u>1.0010%</u>
		9.0090%
less	25 pct transitional deduction up to 30th June 2000	<u>2.2523%</u>
	<b>Net royalty rate</b>	<u>6.7567%</u>

Royalties calculated on the basis of the RRP price:

	8 pct	8.0000%
less	7.5 pct cover deduction	<u>0.6000%</u>
		7.4000%
less	25 pct transitional deduction up to 30th June 2000	<u>1.8500%</u>
	<b>Net royalty rate</b>	<u>5.5500%</u>

- (5) If the Producer is unable to produce the lists mentioned in VI C. (1) and (3) above, the royalty payable shall be fixed by NCB on the basis of prices most generally charged by other Danish producers for each sound carrier format.
- (6) The base price for the calculation of NCB royalties shall be the highest price which at the time in question will be invoiced for 1 copy of the said sound carrier. When calculating royalties, temporary price reductions during the accounting period (i.e. price reductions of a duration less than 4 weeks) shall not be taken into account.
- (7) If the Producer supplies sound carriers inclusive of royalties to a record club or a mail order company which has made a special agreement with NCB as to how royalties for its sales are to be accounted in general, royalties for the Producer's supplies shall be calculated according to the rules agreed between NCB and the record club or mail order company.
- (8) (a) The minimum rate of royalty for any sound carrier format shall equal 9.009 pct of 2/3 of 79 pct. of the highest price for a new release of standard repertoire.

This corresponds to the calculation method agreed between BIEM and IFPI: 9.009 pct of 2/3 of the PPD price most generally practised for the relevant sound carrier format.

Adjustments to the minimum rates are made once a year on the basis of the sound carrier prices.

- b) The minimum rate applying to a sound carrier which is re-released not sooner than one year after its original release date and which is priced at least 35 pct below its original price, shall be 57 pct of the minimum rate for ordinary sales as set out in Article VI C. (8) above.

However, the royalties payable shall never be less than 9.009 pct of the PPD (respectively 7.4 pct of the RRP) on any re-released sound carrier. The royalties payable on sound carriers which are subject to a transitional deduction according to Article VI C. (4) shall never be less than the net royalty rate set out in the article mentioned.

In order for a sound carrier release to qualify for budget rates the below conditions must be fulfilled:

- the sound carrier must be:
  - either a re-release – identical as to format and contents – of a previously released sound carrier; label and catalogue number may remain the same or they may be changed when re-released
  - or a sound carrier containing a (new) compilation of previously recorded tracks, each of which has been previously released at least one year before the new release in question
- the Producer shall submit the sound carrier for renewed registration to NCB, indicating NCB's code for budget product
- at NCB's request the Producer shall be able to prove that he has acquired the right to release the sound carrier from the person/company who originally released it, unless the Producer is the one who released the sound carrier originally
- the Producer shall
  - either be able to verify the original price and the present price at NCB's request
  - or apply a PPD price not exceeding

CD: DKK 42,-      MC: DKK 23,-      LP: DKK 25,-.

(9) Deviations from the aforesaid general rules may occur in the following cases:

- a) Promotional Sound Carriers

The royalties payable on specially manufactured sound carriers, the object of which is genuine sales promotion of the Producer's sound carriers to retail outlets, shall be calculated as 50 pct of the minimum rate, provided that:

- the sound carriers are supplied free of charge
- the sound carriers are marked “Not For Sale”
- the sound carriers are advertising the Producer’s own catalogue
- the catalogue numbers of the sound carriers include the letters “PROM”.

The release notice form for promotional sound carriers may be obtained from NCB free of charge. Together with the release notice the label copy and a copy of the promotional sound carrier must be submitted to NCB.

b) Bargain Sales (Clearance Sales)

The royalty payable in relation to such sound carriers shall be 10 pct of the dealer price actually invoiced - and the only deductions to be made are the taxes mentioned in Article VI C. (10) - provided that

- the sound carriers have been deleted from the Producer’s catalogue
- the sound carriers are offered to the public as bargain sales
- the sound carriers are sold at dealer prices ranging at least 40 pct below dealer prices previously charged
- it shall be a bargain sale (clearance sale) of existing stock, i.e. no new pressings or reissues allowed.

Royalties for bargain sales shall never be less than 20 pct of the minimum rate for the relevant sound carrier format.

The bargain sales provisions may be applied under the following conditions:

- *symphonic music, chamber music, dramatico-lyrical music (all sound carrier formats)*: 2 years after the date of first release
- *non-classical music (LP/MC/CD/MD/DCC)*: 6 months after the date of first release
- *non-classical music (Singles)*: 3 months after the date of first release

however, the number of sound carriers accounted according to the bargain sales provisions shall not exceed the below percentages of the total sales of sound carriers accounted by the Producer to NCB during the preceding calendar year:

- sound carrier formats “single” and “maxi single” (cf. Annex 5): 10 pct
- all other sound carrier formats (cf. Annex 5): 5 pct.

No deduction for returns shall be granted in relation to bargain sales (clearance sales).

If a sound carrier was previously accounted as a bargain sale and later is re-issued and released at normal price, NCB is entitled to charge full royalty payment also for the bargain sale previously accounted. Such adjustments shall not be made, however, if a period of at least 12 months has passed from the date of the bargain sale till the same sound carrier is released again.

- (10) The Parties have agreed that VAT (moms) shall be deducted prior to the calculation of the NCB royalties. The Producer shall indicate his official PPD price exclusive of VAT in his Statement of Outgoings.

If during the term of the Contract other duties and taxes are introduced in Denmark, NCB and IFPI Denmark shall enter into negotiations as regards a possible deduction of such taxes.

If any national law should impose on the Producer – with NCB as an intermediary – a tax on the royalties payable according to this Contract, such tax shall be paid to NCB in addition to the relevant royalties.

- (11) Free Issues

- a) At the request of NCB the Producer undertakes to supply NCB, free of charge, with a copy of any given sound carrier.
- b) In relation to first issue on sound carrier of any new release, a number of up to
- Single/Maxi Single: 1,000
  - LP/MC/CD/DCC/MD: 1,000

shall be exempt from royalties.

The total of 1,000 copies shall apply to the combination of single/maxi single respectively the combination of LP/MC/CD/DCC/MD of identical contents, as such copies are intended for the Producer's national and international sales promotion for the sound carrier in question as well as for submission to critics.

For audit purposes such sound carriers shall be included in the Producer's statements to NCB.

Each such sound carrier must be marked with a non-removable and non-erasable notice carrying the words "FREE ISSUE" or "NOT FOR SALE".

Free issues shall also be "pre-shredded" (i.e. be made unattractive for sale) in order to minimize the risk of the recipient selling the free issues subsequently.

- c) The Producer shall of his own accord submit two copies free of charge to the relevant Nordic publishers of works which appear for the first time on a Nordic sound carrier.

## (12) Television Promoted Sound Carriers

The royalty on television promoted sound carriers shall be calculated on the basis of the highest PPD of the relevant sound carrier inclusive of all additions to the price as well as the price of TV tickets, if any.

Provided that

- ◆ the television promotion is nation-wide
- ◆ the television commercial is screened at least 5 times
- ◆ the television commercial is promoting a specific sound carrier
- ◆ the sound carrier and the television promotion are notified to NCB prior to the actual television promotion
- ◆ the television promotion is paid by the Producer and results in payment to the TV station of more than DKK 100,000
- ◆ the Producer accounts royalties on his total sales of the recording in question direct to NCB.

NCB shall grant the Producer a quantity deduction of 5 pct on the first 100,000 copies sold after the first screening of the television commercial.

The quantity deduction shall be granted for the first accounting period in which the television promotion of the sound carrier took place and for the following accounting period only.

This provision may be terminated on giving three months' notice for termination at the end of a calendar year. The first time notice can be given shall be on 30th September 1998 for termination at the end of the year 1998.

In certain circumstances, especially where the geographical coverage and the intensity of a television campaign on non-nationwide television justifies it, the Parties may agree prior to the planned promotion that such promotion can be accounted according to the provisions applying to nation-wide television promotion.

## **D. Number of Works and Fragments**

- (1) The sound carrier formats covered by this Contract are listed in Annex 5. The number of complete works and fragments of works belonging to NCB's repertoire which may be reproduced on the same sound carrier having regard to its playing time as well as the relevant reporting codes are also indicated in Annex 5.
- 2) 24 works/48 fragments may be reproduced on a compilation CD, DCC or MD, provided that at least 50 pct of the contents are re-releases of previous recordings of protected works.

- (3) 24 protected works/48 fragments may be reproduced on an analogue cassette (MC), provided that the cassette contains the same recordings as the compilation CDs, DCCs or MDs referred to in Article VI D. (2). In this case the limitations as to playing time of the corresponding digital recording shall apply.
- (4) If the number of works or fragments reproduced on the sound carrier exceeds the maximum limits listed in Annex 5, the total royalty payable for the relevant sound carrier shall be increased in the same proportion, except in the case of repeated reproductions of the same work (re-mixes) involving the same rights owners or repeated reproductions of the same fragment involving the same rights owners on the same sound carrier, in which case the reproductions shall count as only one work or one fragment as the case may be. In addition, original works of short duration, with the exception of songs known as popular, may be reproduced without limitations of works/fragments when recorded onto vinyl single (45 rpm/17cm) or MC single provided that such sound carrier contains only works of this kind.
- (5) If the playing time of a sound carrier exceeds the playing time referred to in the tables above by more than 60 seconds, the total royalty payable for the relevant sound carrier shall be increased in the same proportion.
- (6) Where a sound carrier reproduces both complete copyright musical works and fragments of such works, each complete work shall count as 2 points and each fragment 1 point. The resulting number of points is then treated as the total number of fragments for the purposes of the tables in Annex 5. A medley which has been published in sheet music form shall be regarded as a complete musical work. Repeated reproductions of the same work (re-mixes) involving the same rights owners or of fragments involving the same rights owners on the same sound carrier shall count as only one work or one fragment as the case may be, as set out in Article VI D. (4) above.

## **E. Royalty Calculation – Exports Inclusive of Royalties**

- (1) When calculating royalties for shipments inclusive of royalties from Denmark to importers in another Nordic country, royalties shall be calculated according to the agreed terms and conditions and on the basis of the prices applied in the country of destination, including applicable minimum rates.
- (2) When calculating royalties for shipments inclusive of royalties from Denmark to importers in a country outside the Nordic territory, other than the USA, royalties shall be calculated according to the agreed terms and conditions and on the basis of the prices applied in Denmark, including applicable minimum rates. When calculating royalties NCB grants the producer a territorial export deduction from the Danish PPD. Applicable export deductions are listed in Annex 6.
- (3) Upon prior application to NCB the provision of Article VI E. (2) may be substituted by a separate agreement according to which it can be agreed that royalties are calculated according to the terms and conditions of the importing country and on the basis of the prices applied in the importing country, including applicable minimum rates. It is a condition for the conclusion of such an agreement that the Producer can document the PPD prices, terms and conditions as well as minimum rates applied in the importing countries not later than 4 weeks before the half-yearly royalty invoice processing.

- (4) The provision of Article VI E. (2) above shall not apply if the Producer chooses to apply the provisions of Articles V F. (6).
- (5) For exports to non-European countries where a statutory royalty is applied, the royalty payable shall equal the statutory royalty.
- (6) Sound carriers containing a minority appeal repertoire which are exported inclusive of mechanical royalties to countries outside the Nordic territory, may be accounted to NCB either on the basis of the average export price of the sound carriers or on the basis of the Danish PPD prices less a 25 pct. deduction, however, never below applicable Danish minimum rates. Provided that such exports do not exceed 100 copies of each catalogue number per country of destination within the same accounting period, the Producer may choose to indicate the total number of copies exported of each catalogue number in his sales report. For catalogue numbers where exports exceed 100 copies per country the Producer must break down export figures by country of destination.

Royalty calculation according to these provisions requires a separate agreement drawn up between the Producer and NCB.

## **F. Royalty Calculation – Exports Exclusive of Royalties**

- (1) Having notified in advance both BIEM societies concerned and provided that these societies have not within 4 weeks of receipt of such notice jointly notified the Producer that they object thereto for well-founded reasons, the Producer shall be entitled to export sound carriers exclusive of royalties to importers who are either licensees or affiliates of the Producer – subject to these importers having entered into a contract similar to this Contract with the BIEM society of the importing country. Reporting and royalty accounting shall be made by the importer on the basis of prices and contractual terms and conditions applied in the importing country – this also includes all provisions in relation to audit and inspection, cf. Article VIII.
- (2) The Producer undertakes to supply NCB – together with the half-yearly Statement of Outgoings – with all details pertaining to exports shipped exclusive of NCB royalties. Details shall be given on special reporting forms obtainable from NCB, and the Producer shall advise of:
  - ◆ name and address of the recipient of the sound carriers
  - ◆ record label and catalogue number
  - ◆ contents
  - ◆ quantity exported.
- (3) For exports to the USA exclusive of mechanical royalties, the Producer undertakes to supply NCB with the information in Article VI F. (2) prior to or at the same time as shipment is made.
- (4) The Producer shall be responsible for royalty payment for any exports exclusive of royalties carried out in contravention of the above provisions.

- (5) The provisions of Article VI F. (1) may cease to have any effect by the end of a given accounting period provided that the two BIEM societies concerned submit to the Producer a joint and well-founded objection not later than 4 weeks in advance.
- (6) Provided that he has notified NCB in advance, the Producer shall be entitled to export product exclusive of royalties to countries where the mechanical rights are not administered by a BIEM society but for instance by the rights owners themselves or their due representatives. Within a period of 6 months the Producer shall supply NCB with verification to the effect that mechanical royalties have been paid to the relevant party in the country of destination.

If such verification cannot be procured, the Producer shall pay royalties according to the provisions of Article VI E. of this Contract.

## **G. Imports Inclusive of Royalties**

- (1) The Producer shall produce satisfactory evidence to NCB that royalties on sound carriers imported inclusive of royalties were paid in the exporting country to an organization approved by NCB and on the basis of applicable terms and conditions.
- (2) Satisfactory evidence shall be the invoice issued by the exporter to the importer, provided that it appears from the invoice that royalties have been paid.
- (3) If within six months of request by NCB the importing Producer fails to produce satisfactory evidence that such royalties have been paid, NCB shall be entitled to claim payment of royalties as if the sound carriers were manufactured in the national territory.

## **H. Imports Exclusive of Royalties**

- (1) NCB accepts that sound carriers imported exclusive of royalties are regarded as custom pressings so that royalties for such imports are paid to NCB by the importing producer according to the terms and conditions effective in the Nordic Territory.
- (2) The Producer undertakes to register with and report to NCB sound carriers imported exclusive of royalties according to the procedures generally used for his local production, however, at the request of NCB the Producer shall inform NCB of the name of the exporting company.

## **I. The Moment Royalty Falls Due**

- (1) Royalty falls due at the moment when the Producer has made a sound recording of NCB repertoire and on basis hereof made copies of the recording.
- (2) Provided that the Producer fulfils his obligations as set out in this Contract, NCB shall not claim settlement of royalties until after the end of the accounting period during which the copies have left the Producer's central warehouse.

## J. Returns

- (1) No royalty shall be payable if within the same accounting period the sound carrier is returned to warehouse and entered as a return in the books of account.
- (2) The Producer may also choose to offset his returns against his sales figures reported to NCB for the preceding accounting period, provided that the units are returned to warehouse within a period of 2 months after the end of the preceding accounting period.

This possibility applies only to specified catalogue numbers, meaning that two different sound carrier formats – e.g. MC and CD – with identical contents in this connection will be considered two different releases, each of which has to meet the requirements.

In order to apply the return provisions the below requirements must be met:

- ◆ Type of release: Only new releases, i.e. new issues of previously released sound carriers do not qualify.
  - ◆ Time of release: The release dates must be in May/June (the end of the accounting period of the first half-year) or in November/December (the end of the accounting period of the second half-year).
  - ◆ Number manufactured: The total number manufactured of a given release within the accounting period in question must be at least 10,000 copies.
  - ◆ Indication: At the time of registration of a release the Producer must in writing indicate to NCB that the return provisions shall apply to the release.
  - ◆ Time of registration: The releases must have been registered with NCB in time, i.e. not later than on the date on which they are put on the market.
  - ◆ Minimum: At least 100 copies of a given catalogue number must be returned during the time for return – January/February or July/August.
  - ◆ Sales reporting: In his sales reporting for the relevant accounting period the Producer must inform NCB of the total number of copies of each catalogue number which has left his warehouse.
  - ◆ Right of return: The release in question must include the right of return when sold to dealers.
  - ◆ Bookkeeping records: In his books the Producer must credit the sound carriers returned at full price.
- (3) The total number set off as returns during one accounting period shall never exceed the total outgoings of the same sound carrier involving the same rights owners during the same accounting period. Any excess of returns as against outgoings may be carried forward to succeeding accounting periods, provided that it is the same sound carrier involving the same rights owners.

- (4) No royalties shall be payable on sound carriers which are destroyed due to faulty manufacture. Satisfactory proof of destruction shall be a certificate issued by the Producer's chartered or registered public accountant, the national customs authorities, or some other kind of document approved by NCB.

## VII FINANCIAL PROVISIONS

### A. Accounting Period

- (1) The calendar year shall be divided into 2 accounting periods of each 6 months:
  - ◆ 1st half year: 1st January – 30th June
  - ◆ 2nd half year: 1st July – 31st December.

### B. Royalty Invoice

- (1) After the end of each accounting period the Producer shall receive a royalty invoice specification:
  - ◆ in October for 1st half year of the same calendar year
  - ◆ in April for 2nd half year of the preceding calendar year.
- (2) The invoice specification is prepared on the basis of statements of outgoings which the Producer undertakes to submit to NCB.

### C. Guarantee

- (1) As a financial security for due payment of royalties for the Producer's exploitation of NCB's repertoire and for the compliance by the Producer with the provisions of this Contract in other respects the Producer shall provide a guarantee.
- (2) The amount of the guarantee shall equal royalties payable for three months based on an average of NCB's royalty invoices to the Producer during the preceding two accounting periods (i.e. total of royalties due before advances paid have been set off, including royalties on product imported royalty free, product exported royalty paid, and total proforma debits as at preceding period).
- (3) The form and wording of the guarantee shall be according to directions given by NCB.
- (4) As for new producers the amount of the guarantee shall be estimated and fixed by NCB on the basis of information supplied by the producers in question as to their planned production and budget and if relevant with a view to their former activities as producers accounting royalties to NCB on a title-by-title cash basis.
- (5) The minimum amount of the guarantee shall be DKK 10,000.00.
- (6) The amount of the guarantee shall be reviewed every 12 months (as at January). Adjustments shall be made only for changes exceeding plus/minus 20 pct.

## D. Monthly Advances

- (1) The Producer undertakes to pay monthly advances to NCB.
- (2) The amount of the advance payment shall equal royalties due for one month based on 1/12 of NCB's royalty invoices to the producer during the preceding two accounting periods (i.e. total of royalties due before advances paid have been set off, including royalties on product imported royalty free, product exported royalty paid, and new pro forma debits entered during the periods in question).
- (3) The advances shall be invoiced by NCB as per the 1st of every month and paid in cash to NCB within 14 days.
- (4) As for new producers the monthly advances shall be estimated and fixed by NCB on the basis of information supplied by the producers in question as to their planned production and budget and if relevant with a view to their former activities as producers accounting royalties to NCB on a title-by-title cash basis.
- (5) The minimum amount of each monthly advance payment shall be DKK 1,000.00.
- (6) The amount of the monthly advances shall be reviewed by NCB twice a year, viz. after each royalty invoicing, to be effective for the following half year.
- (7) In the event of considerable changes in the Producer's range of sound carriers (acquisition or transfer of labels), adjustments of the monthly advances may be possible during an accounting period.
- (8) Interest shall be paid at the rate mentioned in Article VII F. (1) below on any difference between the advances paid by the Producer to NCB during a given accounting period and the royalties subsequently invoiced by NCB for the same accounting period.
- (9) The procedure described in Article VII D. (2)-(8) concerning the fixing and the payment of the monthly advances may – by special arrangement between the Producer and NCB – be replaced by the following procedure:
  - a) Each month the Producer shall pay an advance to NCB calculated by the Producer himself and based on his actual sales during the preceding month.
  - b) Interest shall be calculated on each monthly payment from the due date (cf. Article VII D. (3)) till the 10th of the following month at the interest rate mentioned in Article VII F. (2). If payment is effected later than by the 10th of the following month, interest shall be calculated at the rate mentioned in Article VII F. (1) for the period after the 10th.
  - c) Interest shall be calculated at the rate mentioned in VII F. (1) on any difference between the advances paid by the Producer to NCB during a given accounting period and the royalties subsequently invoiced by NCB for the same accounting period.

In practice, interest is calculated on the difference between the final royalty claim for the period in question divided by six and the Producer's actual payments for each of the months during the accounting period, and interest shall be payable from each due date to the date of the royalty invoice.

For the period from the due date till the 10th of the following month, the interest rate mentioned in Article VII F. (2) shall apply, whereas the interest rate mentioned in Article VII F. (1) shall apply in other respects.

- (10) If it can be proved that more than 60 pct of the NCB royalties payable for a certain accounting period relates to sales effected during the first two or the last two months of the accounting period, any of the Parties shall be entitled to claim interest compensation. If the Producer claims that NCB royalties on his sales during the last two months of the period exceed 60 pct of his total NCB royalties payable during the period, then the compensation he is entitled to shall be calculated as 75 days' interest on NCB royalties during the last month and 45 days' interest on NCB royalties during the second-last month at the interest rate mentioned in Article VII F. (1).

If NCB claims compensation due to the fact that NCB royalties on sales effected during the first two months of the period make out more than 60 pct, the calculations shall be made in the same way: 75 days' interest on royalties for the first month and 45 days' interest on royalties for the second month.

At NCB's request the Producer shall verify the breakdown of NCB royalties on each of the six months of the accounting period.

- (11) The debit/credit of interest shall be made in connection with NCB's royalty invoicing.

## **E. Time Allowed for Payment**

- (1) The time allowed for payment of all invoices issued by NCB to the Producer shall be 14 days from date of invoice.

On late payment interest shall be paid at the rate mentioned in Article VII F. (1).

## **F. Interest**

- (1) The interest rate referred to in Articles VII D. and VII E. shall be 16 pct p.a.
- (2) The interest rate referred to in Article VII D. (9) b) and c) – which shall be applied for the period from the due date to the 10th of the following month (cf. Article VII D. (3)) if the method of monthly advances mentioned in Article VII D. (9) is used – shall be equal to the average inter bank rate (CIBR – Copenhagen Inter Bank Rate) for a 3-month deposit plus an additional 4 percent points. The average inter bank rate shall be calculated as the ordinary average of the quoted interest rates as on the 15th (or the next business day after the 15th) during the 6 + 3 months which concern the payments in question.

## VIII AUDIT AND INSPECTION

### A. Audit and Inspection

- (1) The Producer must at all times keep NCB informed as to the location of his manufacturing facilities and the location where his sound carriers are stored.
- (2) Where such sound carriers are not stored at the same location as any manufacturing facility of the Producer, agreed arrangements shall be made between the Producer and NCB to enable NCB – or NCB's competent sister society if outside NCB's territory of control – to carry out checking operations without inconvenience.
- (3) The Producer shall ensure that documents required to account for incomings and outgoings from central warehouse are kept in a form which will enable NCB to carry out accurate and convenient audits.
- (4) The Producer shall maintain a clear and precise accounting system which will permit the preparation of accurate returns to NCB and allow the latter to check such returns. If the Producer's accounting system does not come up to these standards and consequently entails extraordinary audits, the Producer shall defray NCB's expenses caused by such extraordinary audits.
- (5) NCB shall have the most extensive right to check all the operations of the Producer affected by this Contract including the date of recording and the date of first pressing/duplication as well as all documents pertaining to imported or exported sound carriers, cf. the provisions of Articles V F. (5), VI E. (1), (2), (3) and VI F. (1).

In accordance with this, NCB's representatives shall have the right of access to the factories, warehouses and offices of the Producer – including debtor/creditor accounts – and this right of access shall not be refused or delayed on any pretext by the Producer.

The Producer undertakes to provide NCB's representatives with all documents enabling them to check the information relating to the relevant recordings and to verify by cross-checking the manufacture, incomings/outgoings (including imports and exports), and stocks of sound carriers, and the representatives shall be allowed to take photocopies of any document in this respect.

The Producer shall also ensure that NCB is afforded all facilities for checking the operations of the Producer's co-exploitants, especially his custom manufacturers – cf. the provisions of Articles V F., VI E. and VI F.

- (6) If NCB's audit discloses underpayment of royalties in excess of a sum equal to 5 pct of the total royalties payable for the period to which the audit relates (the date of NCB's notice of the inspection visit shall be regarded as the end of the said period), the Producer shall defray all expenses in relation to the audit.
- (7) The NCB representatives concerned with inspection and audit work in the factories, warehouses and offices of the Producer must not direct or indirect own any interest in any mechanical business or trade.

Neither NCB nor its staff, its agents or inspectors may impart any information to third parties relating to the business or trade of the Producer which they may acquire through their operations connected with the implementation of this Contract.

- (8) On request the Producer shall submit to NCB a copy of his official annual accounts.

## IX SANCTIONS

### A. Sanctions

- (1) If the Producer fails to comply with his obligations toward NCB as set out in this Contract, NCB shall be entitled to apply sanctions.
- (2) The below events shall entitle NCB to terminate the Contract with immediate effect:
  - a) the filing by the Producer of a bankruptcy petition
  - b) the suspension of payment by the Producer
  - c) the bankruptcy of the Producer
  - d) the opening up of negotiations for a composition.
- (3) If the Producer commits any of the below breaches of contract, NCB shall be entitled to terminate the Contract by giving fourteen days notice:
  - a) failure to meet any financial claims put forward by NCB under the provisions of this Contract
  - b) failure to register or late registration of recordings and/or reporting of outgoings from warehouse
  - c) failure to notify NCB of works recorded on CD, DCC or MD in excess of number of works on corresponding LP/MC
  - d) failure to notify or insufficient notification of custom manufacture and/or despatch of matrices/master tapes
  - e) unauthorized use of NCB repertoire (infringement of moral rights)
  - f) recording onto sound carriers which are not covered by this Contract and which is not accounted to NCB according to a separate agreement
  - g) incorrect and/or insufficient information on label, cover, inlay, booklet or other printed matter
  - h) the breach by the Producer of any restrictions imposed on him by NCB
  - i) refusal by the Producer to give access to NCB's representatives for inspection purposes
  - j) the exploitation of exclusive rights for mechanical reproduction in the way that the Producer exercises it as a monopoly against other producers who have entered into the same contract with NCB
  - k) production, importation and/or resale of illicit sound carriers
  - l) repeated failures – despite warnings from NCB – to comply with any other provisions of this Contract.

- (4) Notice of termination of the Contract due to any breach shall be sent by registered as well as by ordinary mail. If the registered letter is not collected by the Producer, the notice shall be deemed to have been received three days after posting.
- (5) In the event that the Producer fails to fulfil his obligations under this Contract, NCB shall be entitled to withdraw an amount from the guarantee originally provided by the Producer substantial enough to settle NCB's claims against the Producer according to the provisions of this Contract.
- (6) If NCB terminates the Contract due to any breach on the part of the Producer according to Article IX A. (3), the Producer's right according to Article III A. (1) to sell the sound carriers he holds in stock at the time of the termination shall be lost.

The following claims fall due immediately:

- ◆ claims sustained by invoices issued before the termination of the Contract
- ◆ royalties for all sales up to the termination of the Contract
- ◆ all amounts entered as proforma debits.

The sale of sound carriers which the Producer holds in stock at the time of the termination of the Contract requires a written permit from NCB. The permit will be given if the Producer pays in cash all royalties payable on the sound carriers in stock, or if the sound carriers are bought by a person or company who has been approved by NCB and who in writing confirms to be responsible for the payment of mechanical royalties.

- (7) If NCB terminates the Contract due to the filing by the Producer of a bankruptcy petition, the suspension of payment by the Producer, the bankruptcy of the Producer or the opening up of negotiations for a composition, cf. Article IX A (2), the Producer's right according to Article III A. (1) to sell the sound carriers he holds in stock at the time of the termination shall be lost. Such sound carriers can be sold only if a separate agreement is made between NCB and the Producer and the receiver or trustee in bankruptcy, respectively.

All claims specified in Article IX A. (6) fall due immediately.

- (8) The interest rate to be charged in the case of breach of contract shall be the rate set out in VII F. with an additional 6 percent points. Interest shall be charged in the events of breach of contract set out in Article IX (3) a), b), c) and e).

## **X FINAL CLAUSES**

### **A. Basis and Term of the Contract**

- (1) This Contract is based on the frame agreement which in 1975 was concluded between the international negotiating bodies of BIEM (Bureau International de Sociétés Gérant les Droits d'Enregistrement et de Reproduction Mécanique) and IFPI (International Federation of the Phonographic Industry).

The frame agreement was extended and modified through supplementary agreements between BIEM and IFPI in October 1980, February 1985, September 1988, June 1989, October 1992 and June 1998 (supplementary agreements 1–7).

The present frame agreement shall be in force up to and including 30th June 2000.

- (2) This Contract is also based on additional collective agreements made between the Nordic Groups of IFPI and NCB. The local agreements form an integral part of the basis of the Contract and have been embodied in the text of this Contract. The term of the local agreements equals that of the frame agreement.
- (3) This Contract shall without further notice expire as on 30th June 2000.

### **B. Termination Provisions**

Before 30th June 2000 the Contract between NCB and any individual producer may be terminated in the following ways:

- (1) If the Producer wishes to terminate the Contract, written notice shall be given to NCB by registered mail with Return Receipt three months before the date on which the termination is to take effect. The provisions of Article IX A. (6), (7) and (8) shall also apply in this respect.
- (2) If NCB wishes to terminate the Contract – apart from termination due to breach of contract as mentioned in Article IX – NCB shall give notice by way of registered mail with Return Receipt three months before the date on which the termination is to take effect. The termination of the Contract shall be regarded as approved by the Producer one month after his receipt of NCB's notice of termination. The provisions of Article IX A. (6), (7) and (8) shall also apply in this respect.
- (3) After the date of termination any new production – be it on the basis of the Producer's own recordings or on the basis of matrices/master tapes supplied by any third party – requires NCB's prior licence according to the so-called title-by-title terms, i.e. on a cash payment basis.
- (4) The Producer shall ensure NCB the right to make audit and inspection up to one year after the termination of the Contract.

### C. Jurisdiction

- (1) Disputes relating to the interpretation or implementation of this Contract shall be brought before the court in the place of domicile of the defendant.
- (2) Disputes relating to the interpretation of this Contract or of agreements made between IFPI Denmark and NCB within the framework of this Contract may be submitted to the conciliation procedure laid down in Article D. prior to the case being brought before the court.

### D. Conciliation Procedure

- (1) In the event of any disputes relating to the interpretation or implementation of this Contract in Denmark, IFPI Denmark and NCB shall appoint one delegate each who shall try to reconcile the dispute.
- (2) Should the above delegates fail to arrive at an agreement, an arbitrator shall be appointed by the Maritime and Commercial Court of Copenhagen ("Sø- & Handelsretten").
- (3) If this commission has not given its decision within three months or if either Party refuses to comply with the decision of the commission, the matter shall be referred to the BIEM/IFPI Conciliation Committee for decision on the initiative of either Party.
- (4) If the BIEM/IFPI Conciliation Committee has not given its decision within one month or if either Party refuses to comply with the decision of the Conciliation Committee, the matter shall be settled through the courts.
- (5) Any decision made by the commission as to the interpretation of this Contract shall be submitted to the BIEM/IFPI Conciliation Committee for ratification.

### E. Commencement Date of the Contract

- (1) This Contract is made between NCB and

\_\_\_\_\_  
Name of Producer

\_\_\_\_\_  
Producer Registration Number with NCB

\_\_\_\_\_  
to take effect on

up to and including 30 June 2000

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Producer

\_\_\_\_\_  
NCB

## **ANNEX 1**

### **List of Voting Member Societies of BIEM**

#### **ACUM Ltd.**

(Société d'Auteurs, Compositeurs et Editeurs de Musique en Israel)  
ACUM House  
Rothschild Blvd. 118-120  
P.O. Box 14220  
Tel-Aviv 61140  
Israel

#### **AEPI**

(Société Anonyme Hellénique pour la Protection de la Propriété Intellectuelle)  
Rue Fragoklissias & Samou 51  
GR-151 25 Athens  
Greece

#### **ARTISJUS**

(Bureau Hongrois pour la Protection des Droits d'Auteur)  
Mészáros u. 15-17  
H-1539 Budapest 114  
Hungary

#### **AUSTRO-MECHANA**

(Gesellschaft zur Wahrnehmung mechanisch-musikalischer Urheberrechte GmbH)  
Baumannstrasse 10  
A-1031 Vienna  
Austria

#### **GEMA**

(Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte)  
Rosenheimer Strasse 11  
Postfach 80 07 67  
D-81607 Munich  
Germany

#### **Harry Fox Agency, Inc. (The)**

711 Third Avenue - 8 Floor  
New York, N.Y. 10017  
USA

#### **HDS**

Croatian Composers' Society  
Rendiceva 28 b – c  
HR-10 000 Zagreb  
Croatia

**JASRAC**

(Japanese Society for Rights of Authors, Composers and Publishers)  
3-6-12, Uehara  
Shibuya-ku  
J-Tokyo 151  
Japan

**MCPS**

(Mechanical Copyright Protection Society Ltd.)  
41 Streatham High Road  
London SW16 1ER  
England

**NCB**

(Nordisk Copyright Bureau)  
Frederiksgade 17  
Postboks 3064  
DK-1021 Copenhagen K  
Denmark

**OSA**

(Ochranny Svaz Autorsky)  
Trida Cs. Armady 20  
CZ-160 56 Prag 6  
Czech Republic

**SABAM**

(Société Belge des Auteurs, Compositeurs et Editeurs)  
Rue d'Arlon 75-77  
B-1040 Brussels  
Belgium

**SACEM**

(Société des Auteurs, Compositeurs et Editeurs de Musique)  
225, avenue Charles-de-Gaulle  
F-92521 Neuilly-sur-Seine  
France

**SACERAU**

(Société des Auteurs, Compositeurs et Editeurs de la République Arabe d'Egypte)  
10, rue Elfi Bey  
Cairo  
Egypt

**SADAIC**

(Sociedad Argentina de Autores y Compositores de Música)

Lavalle 1547, Apartado Especial N° 11

Suc. 44

Buenos Aires 1444

Argentina

**SARRAL**

(South African Recording Rights Association Ltd.)

506 Heerengracht

87 de Korte Street

Braamfontein 2001

South Africa

**SCD**

(Sociedad Chilena del Derecho de Autor)

San Antonio 427, 2e Piso

Casilla 51270, Correo Central

Santiago

Chile

**SDRM**

(Société pour l'Administration du Droit de Reproduction Mécanique des Auteurs, Compositeurs et Editeurs)

Cité de la Musique - 16 Place de la Fontaine aux Lions

BP 11593

F-75920 Paris Cedex 19

France

**SGAE**

(Sociedad General de Autores de España)

Fernando VI, 4

Apartado 484

E-28080 Madrid

Spain

**SIAE**

(Società Italiana degli Autori ed Editori)

Viale della Letteratura 30

I-00100 Rome (Eur)

Italy

**SODRAC**

(Société du Droit de Reproduction des Auteurs, Compositeurs et Editeurs au Canada Inc.)

759 Victoria Square

Bureau 420

Montréal (Quebec) H2Y 2J7

Canada

**SOKOJ**

(Savez Organizacija Kompozitora Jugoslavije)  
Misarska 12-14  
YU-11000 Belgrade  
Serbia

**SOZA**

(Slovensky Ochranny Zväz Autorsky)  
Rastislavova 3  
SQ-821 08 Bratislava  
Slovakia

**SPA**

(Sociedade Portuguesa de Autores)  
Av. Duque de Loulé 31  
P-1098 Lisbon  
Portugal

**STEMRA**

(Stichting tot Exploitatie van Mechanische Reproductie Rechten der Auteurs)  
Postbus 725  
NL-1180 AS Amstelveen  
Holland

**SUISA**

(Société suisse pour les droits des auteurs d'oeuvres musicales)  
Bellariastrasse 82  
CH-8038 Zurich  
Switzerland

**ZAIS**

(Stowarzyszenie Autorow)  
Ul. Hipoteczna 2  
PL-00-092 Warsaw  
Poland

**List of Non-voting Member Societies of BIEM****AGADU**

(Asociación General de Autores del Uruguay)  
Canelones 1122  
C.P. 11100 Montevideo  
Uruguay

**ALBAUTOR**

(Société Albanaise des droits d'auteur et des droits voisins)  
Lidhja e Shkrimtarëve  
Bruga e Kavajës, nr 4  
Tirana  
Albania

**AMCOS**

(Australian Mechanical Copyright Owners Society Ltd.)  
6-12 Atchison Street  
Locked bag 3456  
Saint Leonards NSW-2065  
Australia

**CASH**

(Composers and Authors Society of Hong Kong Ltd.)  
18/F Universal Trade Center  
3 Arbuthnot Road  
Central  
Hong Kong

**CMRRA**

(Canadian Musical Reproduction Rights Agency Ltd.)  
56 Wellesley Street West  
Suite 320  
Toronto  
Ontario M5S 2S3  
Canada

**COTT**

(Copyright Organisation of Trinidad and Tobago Ltd.)  
45C Jerningham Avenue  
Belmont, Port of Spain  
Trinidad & Tobago, W.I.

**KCI**

(Yayasan Karya Cipta Indonesia)  
Kartika Chandra Office Bldg., 6th Floor  
Room 607-608-610-611  
Jl. Jend Gatot Subroto  
Jakarta 12060  
Indonesia

**KOMCA**

(Korea Music Copyright Association)  
2, 3, 4, 5 F Sam Jeon Bldg  
236.3 Nonhyeon - Dong Kangnam – Gu  
Seoul  
Korea

**MCSN**

(Musical Copyright Society (Nig.) Ltd.)  
1st Floor, 565 Ikorodu Road  
Ketu Lagos  
P.O. Box 5904 Surelere  
Lagos  
Nigeria

**MUSICAUTOR**

(Bulgarian Society of Authors and Composers for Performing and Mechanical Rights)  
31 Alabin Str.  
BG-1000 Sofia  
Bulgaria

**SACM**

(Sociedad de Autores y Compositores de Música)  
Mayorazgo N° 129  
Col. Xoco  
MEX-03330 México D.F.  
Mexico

**UCMR-ADA**

(Uniunea Compozitorilor si Muzicologilor din Romania)  
Calea Victoriei 141  
R-71102 Bukarest  
Rumania

## ANNEX 2

## Mechanical rights entrusted to NCB's administration as per 1st January 1998

Society	Categories of Works	Reservations
	<i>For categories of works not mentioned, the Producer should consult the rights owners direct.</i>	<i>Notwithstanding the use of the words "prior authorization from the rights owners required" such authorization must be applied for and granted (if the rights owners are prepared to do so) through NCB.</i>

## Voting Societies

ACUM	Literary works Dramatic works  Dramatico-musical works Musical works with or without words	From July 1989 prior authorization from the rights owners required for works of a duration of more than 5 minutes and for works of a single author where they exceed the maximum duration of a disc by more than 20%.  None. None.
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AEPI	Dramatico-musical works Musical works with or without words	None. None.
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ARTISJUS	Literary works Extract from dramatico-musical works Musical works with or without words	None. None. None.
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AUSTRO-MECHANA	Complete dramatico-musical works  Musical works with or without words	Prior authorization from the rights owners required. The same applies to abridged versions of entire dramatico-musical works, entire dramas as well as for extracts exceeding the playing time of an ordinary LP/MC.  None.
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<b>Society</b>	<b>Categories of Works</b>	<b>Reservations</b>
	<i>For categories of works not mentioned, the Producer should consult the rights owners direct.</i>	<i>Notwithstanding the use of the words “prior authorization from the rights owners required” such authorization must be applied for and granted (if the rights owners are prepared to do so) through NCB.</i>
GEMA	Dramatico-musical works	None.
	Musical works with or without words	None.
HARRY FOX AGENCY	Musical works with or without words	Prior authorization from the rights owners required.
HDS	Literary works	None.
	Musical works with or without words	Based on the Power of Attorney given by the relevant rights owner.
JASRAC	Dramatico-musical works	None.
	Musical works with or without words	None.
MCPS	Dramatico-musical works	<p>(a) The Licence shall not apply where the Disc(s) reproduce the whole or substantially the whole dramatico-musical work unless: (i) The producer has specifically notified MCPS that it wishes to reproduce the whole or substantially the whole work, and (ii) MCPS has notified the producer that all its relevant members consent to such reproduction.</p> <p>(b) For these purposes, the expression “dramatico-musical work” shall include any version of such work (with or without cuts, additions, interpolations or the like) which has been publicly performed. Also, for the avoidance of doubt, substantially the whole work shall be deemed to be reproduced where all or nearly all the individual songs or other music included in the work are reproduced.</p>

<b>Society</b>	<b>Categories of Works</b>	<b>Reservations</b>
	<i>For categories of works not mentioned, the Producer should consult the rights owners direct.</i>	<i>Notwithstanding the use of the words “prior authorization from the rights owners required” such authorization must be applied for and granted (if the rights owners are prepared to do so) through NCB.</i>
MCPS (continued)	Musical works with or without words	(c) Even where consent is granted under sub-clause (a), the consent shall only relate to the relevant music and lyrics (or other words sung or spoken with the music) contained in the work.  Prior authorization from the authors required for unpublished works and prior authorization from the rights owners required for the first recording of published works.
NCB	Literary works	Danish, Estonian, Lithuanian and Swedish works insofar as NCB has been entrusted with the administration of such rights.
	Dramatico-musical works	Danish, Finnish and Swedish works insofar as NCB has been entrusted with the administration of such rights.
	Musical works with or without words	Prior authorization from the rights owners required for first recordings.
OSA	Musical works with or without words	None.
SABAM	Literary works Dramatic works Dramatico-musical works Musical works with or without words	The rights owners can express reservations as far as certain rights and/or territories are concerned.
SDRM	Literary works	Prior authorization by certain rights owners required.
	Dramatic works	Prior authorization from the rights owners required for the reproduction of complete works or large extracts.
	Dramatico-musical works	Prior authorization from the authors required for the reproduction of complete works or large extracts of unpublished works.

<b>Society</b>	<b>Categories of Works</b>	<b>Reservations</b>
	<i>For categories of works not mentioned, the Producer should consult the rights owners direct.</i>	<i>Notwithstanding the use of the words "prior authorization from the rights owners required" such authorization must be applied for and granted (if the rights owners are prepared to do so) through NCB.</i>
SDRM (continued)	Musical works with or without words	None.
SACERAU	Musical works with or without words	None.
SADAIC	Musical works with or without words Literary works set to music	None. None.
SARRAL	Extracts from dramatico-musical works Musical works with or without words	Prior authorization from the rights owners required through SARRAL for the first recording of works.
SCD	Musical works	None.
SGAE	Literary works Dramatic works Dramatico-musical works  Musical works with or without words	Prior authorization from the rights owners required. Prior authorization from the rights owners required for complete reproduction and for first recordings. Prior authorization from the rights owners required for first recordings.
SIAE	Literary works Dramatic works Dramatico-musical works  Musical works with or without words	Prior authorization from the rights owners required.  Prior authorization from the rights owners required for first recordings and for records made during the subsequent four months. The reservation applies only to entirely new works, and only if the rights owners have asked to be consulted.

<b>Society</b>	<b>Categories of Works</b>	<b>Reservations</b>
	<i>For categories of works not mentioned, the Producer should consult the rights owners direct.</i>	<i>Notwithstanding the use of the words "prior authorization from the rights owners required" such authorization must be applied for and granted (if the rights owners are prepared to do so) through NCB.</i>
SODRAC	Dramatico-musical works Musical works with or without words	None; except when works are used for synchronization or promotional purposes, which require prior authorization from the rights owners.
SOKOJ	Literary works Dramatic works Dramtico-musical works Musical works with or without words	None. None. None. None.
SOZA	Musical works with or without words	None.
SPA	Literary works Dramatic works Dramatico-musical works Musical works with or without words	Prior authorization from the rights owners required. Prior authorization from the rights owners required. Prior authorization from the rights owners required. None.
STEMRA	Literary works Dramatic work Dramatico-musical works Musical works with or without words	Prior authorization from the rights owners required. Prior authorization from the rights owners required. Prior authorization from the rights owners required. None.
SUISA	Musical (non-theatrical) works with or without words Extracts of dramatico-musical works	None. None.

<b>Society</b>	<b>Categories of Works</b>	<b>Reservations</b>
	<i>For categories of works not mentioned, the Producer should consult the rights owners direct.</i>	<i>Notwithstanding the use of the words "prior authorization from the rights owners required" such authorization must be applied for and granted (if the rights owners are prepared to do so) through NCB.</i>

ZAIKS	Literary works Dramatic works Dramatico-musical works Musical works with or without words	Prior authorization from the rights owners required for first recordings or use of works in advertising.
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### Non-voting Societies

AGADU	N/A	N/A
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ALBAUTOR	N/A	N/A
----------	-----	-----

AMCOS	N/A	N/A
-------	-----	-----

CASH	Musical works with or without words	Before 1st July 1998 statutory licence applies. After that no reservations, unless the works are controlled by music publishers.
------	-------------------------------------	--

CMRRA	Musical works with or without words	On the basis of instructions provided by the rights owners.
-------	-------------------------------------	---

COTT	N/A	N/A
------	-----	-----

KCI	Musical works with or without words	The repertoire of BIEM and the repertoire of the Harry Fox Agency.
-----	-------------------------------------	--

KOMCA	N/A	N/A
-------	-----	-----

MCSN	N/A	N/A
------	-----	-----

**Non-voting Societies**

MUSICAUTOR	Literary works Musical works with or without words	Prior authorization from the rights owners for first recordings and when works are used for adaptation, synchronization or advertising.
SACM	N/A	N/A
UCMR-ADA	N/A	N/A

## ANNEX 3

### Minimum Rates effective on 1 January 1998 • Ordinary Sales

Sound Carrier Format	Code	Denmark DKK	Estonia EEK	Finland FIM	Iceland ISK	Lithuania LTL	Norway NOK	Sweden SEK
The rates have been updated since 1 January 1998; please ask for the updated rates								

## ANNEX 4

### Minimum Rates effective on 1 January 1998 • Budget Sales

Sound Carrier Format	Code	Denmark DKK	Estonia EEK	Finland FIM	Iceland ISK	Lithuania LTL	Norway NOK	Sweden SEK
The rates have been updated since 1 January 1998; please ask for the updated rates								

## ANNEX 5

### Sound Carrier Formats covered by this Contract

<b>Sound Carrier Format</b>	<b>Code</b>	<b>Max Duration in Minutes</b>	<b>Max Number of Works</b>	<b>Max Number of Fragments</b>
The list has been updated since 1 January 1998; please ask for the updated list				

## ANNEX 6

### Exports Inclusive of Mechanical Royalties

Destination	Basis for royalty calculation				Deduction from PPD
	Quantity	Applicable terms	Minimum rates	Base price	
The Nordic territory	Number exported	Terms of the importing country	Minimum rates of the importing country	PPD of the importing country	0%
EEA + Switzerland except the Nordic territory	Number exported	Danish terms	Danish minimum rates	Danish PPD	10%
Europe outside EEA + Switzerland	Number exported	Danish terms	Danish minimum rates	Danish PPD	15%
Non-European countries, other than USA and countries where statutory licence applies	Number exported	Danish terms	Danish minimum rates	Danish PPD	20%
USA and countries where statutory licence applies	Number exported	The equivalent of the statutory licence fee			0%
Minority appeal repertoire irrespective of destination	Number exported	Danish terms	Danish minimum rates	either average export price	0%
				or Danish PPD	25%

**EEA** (European Economic Area) = EU countries (= Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain, Sweden, United Kingdom) + Norway, Iceland, Liechtenstein.

**The Nordic territory** = Denmark, Finland, Iceland, Norway, Sweden.

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