



2012 Standard Contract

Audio-visual products

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ncb

nordisk
copyright
bureau

1 Parties to the Standard Contract

1.1 Contracting parties

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hereinafter called **NCB** of the one part

and

(CVR number)

-

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hereinafter called **The Distributor** of the other part

have entered into the following Standard Contract.

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2 Background

2.1 Preamble

- 2.1.1 The object of this Standard Contract is to make it possible for The Distributor to distribute NCB's repertoire used in AV-products by way of sale or rental for Private Use.

2.2 Definitions

- 2.2.1 The following definitions shall have the following respective meanings:

"Accounting Period"	shall mean a six month period: 1 January - 30 June and 1 July - 31 December respectively.
"AV-music products"	shall mean Audio-visual products on physical media where music is the primary driver defined as musicals, operas, revues (more than 50% music content), and music documentaries. The products mentioned are not part of this Standard Contract but shall be part of the Standard Contract covering entertainment videos.
"AV-products"	shall mean an Audio-visual products on physical media where music is not the primary driver defined as feature films, short films, revues (less than 50% music content), documentaries and stand-up shows. The products mentioned are governed by this Standard Contract.
"Audio-visual Work"	shall mean an audio-visual product on a physical media.
"Box-set"	shall mean a collection of Audio-visual Works on one or more physical media.
"Catalogue Number"	shall mean an identification Number of a film video (per physical format, per distribution form) including NCB's repertoire intended for sale or rental for Private Use. The Distributor uses the number in its bookkeeping and inventory systems.
"Cover mounted products"	shall mean a physical product bagged with or affixed to a newspaper or magazine and supplied free of charge or against a token amount; e.g. to cover handling, dispatch charges or the like.
"Distributor"	shall mean the person/company who supplies Audio-visual Works to wholesale dealers and retail dealers with a view to their sale or rental.

"Extra material"	shall mean additional material related and linked to the main product and with usage of the same music as in the main product such as trailers, deleted scenes, interviews and behind the scenes. If the material contains content, where music is the primary driver (such as but not limited to sound carriers, music videos and music concerts), the content will be licensed according to applicable terms for the pertinent type of content.
"Kiosk deals"	shall mean a physical product sold as an optional product together with other products.
"Mechanical Royalty"	shall mean the royalty paid on one copy of an Audio-visual Work.
"Music Works"	shall mean a composition, or an arrangement of a composition, lyrics connected to a composition or a translation of said lyrics created by a music author represented directly or by other arrangements by NCB at any given time in respect of the rights related to licensed use.
"Physical media"	shall mean a DVD, a Blu-ray Disc or a similar physical format meant for storing of productions and containing copies of Audio-visual Works.
"PPD"	shall mean published price to dealer.
"Premiums"	shall mean a physical product supplied free of charge with another merchandise or service or against a token amount; e.g. to cover handling, dispatch charges or the like.
"Private Use"	shall mean the viewing of the Audio-visual Work in private homes by the family and acquaintances of the buyer.
"Producer"	shall mean the producer responsible for the Audio-visual Work.
"PRT"	shall mean the protected music percentage in total in the Audio-visual Work (Pro Rata Temporis).
"Rental"	shall mean Audio-visual Work on physical media intended for Rental for Private Use.
"Repertoire"	shall mean all Music Works managed and controlled by NCB at any given time in respect of the rights related to licensed use during the term of this Standard Contract.
"Sale"	shall mean Audio-visual Work on physical media intended for Sale for Private Use.
"Synchronization"	shall mean the act to combine a music work with moving pictures.
"Synchronization License"	shall mean a license obtained for the combining of music work with moving pictures, cf. Annex 1 .

“Territory”	shall mean the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) as well as the Baltic countries (Estonia, Latvia and Lithuania).
“Trailers”	shall mean an extract from an AV-product on its own as advertising for the current Audio-visual Work or another Audio-visual Work. Only Music Works contained in the original Audio-visual Work to which the trailer is related is covered by this Standard Contract.
“Turnover”	shall mean the Distributor’s receipts on sale and/or rental of AV- products after deduction of discounts to dealers but without deduction of distribution, marketing costs and other costs.
“Writing”	shall mean e-mail or letter.

2.3 Rights granted

2.3.1 Subject to the terms and conditions of this Standard Contract – and particularly subject to the exclusions and restrictions set out in this Standard Contract – NCB grants the Distributor a non-exclusive licence to the following use of the Repertoire during the term of this Standard Contract:

- (i) right to reproduce and/or distribute Music Works within Audio-visual Work on known and not-known physical media for the purpose of selling and/or renting the products for private use within the Territory.

2.3.2 Upon termination or expiry of this Standard Contract for any reason all licences granted under this Standard Contract automatically terminate with immediate effect for the Distributor and the end users.

2.4 Audio-visual Works from Anglo/American countries

2.4.1 If the master is made in the US or the UK it shall be implied that the Distributor has acquired the right to use the Musical Works in Audio-visual Works on terms that exclude the rights owners from any further royalties. Distribution of such Audio-visual Works may be made without applying for a licence and without paying Mechanical Royalties to NCB.

2.4.2 If NCB is provided with evidence by a rights owner to the effect that the licences referred to in article 2.4.1 have not been obtained, NCB shall present such evidence to the Distributor and claim royalties in accordance with the provisions of this Standard Contract. It rests with NCB to prove that the needed licences have not been obtained.

2.5 Audio-visual Works from other countries

- 2.5.1 If the master is made in another country than the US or the UK it shall be implied that the right to use the Musical Works in Audio-visual Works was granted on terms that require a licence and royalty payment to the rights owners through NCB according to the provisions of this Standard Contract for the distribution of Audio-visual Works for Private Use.
- 2.5.2 If the Distributor is provided with evidence by the Producer to the effect that the licences referred to in article 2.5.1 were obtained on terms that exclude the rights owners from any further royalties, the Distributor shall present such evidence to NCB. The burden of proof rests with the Distributor.

2.6 Reserved rights

- 2.6.1 The licence covered by this Standard Contract shall be granted only on condition that the video masters used for the duplication of the Audio-visual Works have been legally produced, and the Distributor has acquired the right from the Producer or NCB to duplicate and/or distribute the Audio-visual Works for private use, cf. **Annex 1**.

Legally produced video masters shall mean that the Producer or the Distributor has obtained a synchronization licence.

- 2.6.2 NCB reserves the right to designate specific works of its repertoire on which a general ban has been imposed in relation to the exploitation of such works in Audio-visual Works.

This also applies to instances where all required additional licences (for instance synchronization licenses) have not been obtained or in the event that the Distributor at NCB's request fails to produce evidence proving that the said licences have been obtained, cf. **Annex 1**.

3 Tariff

3.1 Mechanical Royalties

- 3.1.1 For each Audio-visual Work reproducing one or more works of NCB's repertoire the Distributor shall pay Mechanical Royalties.
- 3.1.2 Mechanical Royalties are calculated on the basis of the Turnover of the Distributor of each Audio-visual Work.
- 3.1.3 The agreed tariff for AV-products is calculated on the basis of 6.5% and deducted by 50% due to the average music usage in feature films – and will be the basis for non-group related sales to wholesalers, retailers and consumers.
- 3.1.4 Due to the market situation the Nordic Video Distributor Associations are granted a rebate for AV-products for sale or rental through wholesale or retail dealers, and thereby the tariff is reduced to 2.5725%.
- 3.1.5 Therefore, the tariff applied for AV-products is 2.5725% of the Distributor's Turnover.
- 3.1.6 The tariff applied for AV-music products is $9.009\% \times \text{PRT} \times \text{PPD}$. These products are not covered by this Standard Contract but by the standard contract covering entertainment videos.
- 3.1.7 NCB will always consider the Distributor responsible for reporting and payment of Mechanical Royalties irrespective of the Distributor having an agreement with the Producer to the effect that the Producer shall pay Mechanical Royalties. This shall not apply provided that the Producer has entered into a Standard Contract covering AV-products with NCB.

3.2 Minimum rates

- 3.2.1 No minimum prices and therefore, no minimum royalty shall be applied in this Standard Contract.

3.3 Free issues for sales promotion

- 3.3.1 For The Distributor's national and international sales promotion and for submission to critics, up to 250 copies sent for promotion to the Territory may be exempt from Mechanical Royalties.
- 3.3.2 It is a condition that free issues are handed out free of charge and marked "Promotion", "Free Issue" or "Not for Sale". This marking must be non-erasable.

- 3.3.3 At NCB's request The Distributor shall submit a copy free of charge to NCB.
- 3.3.4 If The Distributor submits more than 250 copies for promotion, the additional copies shall be regarded and licensed in accordance with NCB's work-by-work tariffs.

3.4 Claims put forward by third party

- 3.4.1 If NCB as well as any third party who are not represented by NCB claim from The Distributor the total royalty amount or part of it for the same work The Distributor shall pay the said royalty to NCB. NCB hereby guarantees The Distributor against the consequences of any claim made by the third parties in this respect.

3.5 Extra material

- 3.5.1 NCB will not collect Mechanical Royalties for such content as defined as extra material in article 2.2. (under the item "Definitions") of this Standard Contract.
- 3.5.2 However, if an Audio-visual Work contains extra material with music not mentioned in article 2.2. (under the item "Definitions"), such content shall be licensed according to applicable terms for the pertinent type of content.

3.6 New products and/or sales channels

- 3.6.1 The following products are not covered by this Standard Contract:
- ◆ Cover mounted products
 - ◆ Premiums
 - ◆ Kiosk-deals
 - ◆ Other non-stand alone products.

These products are to be regarded and licensed according to NCB's work-by-work tariffs.

3.7 Exports inclusive and/or exclusive of Mechanical Royalties outside the Nordic countries

- 3.7.1 The Distributor shall be entitled to export Audio-visual Works provided that the importer has entered into an agreement with NCB or NCB's sister society of the importing country covering payment of Mechanical Royalties and subject to NCB's prior approval of such exports.

The Distributor shall be liable for Mechanical Royalties on exports if the importer has not entered into the said agreement with NCB or NCB's sister society of the importing country.

3.8 Imports inclusive and/or exclusive of Mechanical Royalties outside the Nordic countries

- 3.8.1 The Distributor shall be entitled to import Audio-visual Works exclusive of Mechanical Royalties under this Standard Contract. The Distributor shall be liable for Mechanical Royalties on imports exclusive of Mechanical Royalties to NCB or NCB's sister society of the exporting country.
- 3.8.2 The Distributor shall be entitled to import Audio-visual Works inclusive of Mechanical Royalties provided that the exporter has entered into an agreement with NCB or NCB's sister society of the exporting country covering payment of Mechanical Royalties and subject to NCB's prior approval of such imports inclusive of Mechanical Royalties. The Distributor shall be liable for Mechanical Royalties on imports inclusive of Mechanical Royalties if the exporter has not entered into the said agreement with NCB or NCB's sister society of the exporting country.

3.9 Returns/Crediting

- 3.9.1 No NCB royalties shall be payable if within the same Accounting Period an Audio-visual Work is returned to warehouse *provided that*
- ◆ it is re-entered in the Distributor's inventory and the sales is credited
 - ◆ the total number set off as returns/credit during one Accounting Period shall never exceed the total turnover (of the same Catalogue Number). Any excess of returns as against turnover may be carried forward to the succeeding Accounting Period.
- 3.9.2 No Mechanical Royalties shall be payable on Audio-visual Work which are destroyed due to faulty manufacture.

A letter signed by The Distributor's chartered or certified accountant, customs authorities – or any other confirmation agreed with NCB – may prove as documentation in this respect.

- 3.9.3 The Distributor may also choose to offset its returns/credits against its sales figures reported to NCB for the preceding Accounting Period, provided that the units are returned to warehouse within a period of 3 months after the end of the preceding Accounting Period. This provision applies only to one and the same Audio-visual Work provided that the conditions set out in article 3.9.4 are fulfilled.
- 3.9.4 In order to apply the provisions set out in article 3.9.3 the below requirements shall be met:

- ◆ In its reporting for the Accounting Period in question the Distributor shall inform NCB of its total Turnover (for the Catalogue Number), return/credit (for the Catalogue Number) and the total number of copies of each Audio-visual Work which has left its warehouse by way of sale
 - ◆ Within the end of the three-month period, The Distributor undertakes to submit to NCB a list showing the number of copies returned to The Distributor's warehouse after the end of the Accounting Period as well as the actual amounts credited for such returns.
- 3.9.5 For each relevant Audio-visual Work returned NCB shall offset the amounts credited against the Turnover reported by The Distributor.
- 3.9.6 The total credit set off as returns/credits during one Accounting Period shall never exceed the total Turnover of the same Audio-visual Work involving the same rights owners during the same Accounting Period.
- 3.9.7 The Distributor shall report electronically to NCB in a format specified and approved by NCB. The format for reporting is in the Microsoft Excel spreadsheet.

4 Reporting

4.1 Registration of new releases

- 4.1.1 Prior to introducing the AV-products into the market The Distributor undertakes to supply NCB with the following information:
- a) the title and total playing time of the product (including the title of the product if different from the title of the AV-products)
 - b) for each Musical Work used in the product the title of the work and playing time as well as the names of the composer, lyricist, arranger and music publisher
 - c) the Video Label and Catalogue Number under which the AV-products is distributed
 - d) indication of whether the AV-products is distributed as a Sales product and/or as a Rental product.
- 4.1.2 The Distributor shall report electronically to NCB. The Distributor can choose to register new releases
- ◆ either online on NCB's homepage (by means of NCB's application "WebCover")
 - ◆ or in a .txt file
 - ◆ or by a semicolon-separated format (.csv file).
- 4.1.3 AV-products of identical content but on different physical formats shall not be marketed under the same Catalogue Number, cf. article 4.1.1 c).
- 4.1.4 AV-products of identical content shall not be distributed as Sales product and Rental product under the same Catalogue Number cf. article 4.1.1 d).
- 4.1.5 Articles 4.1.1 b)–d) shall not apply if the AV-product transferred onto video was produced in the US or the UK – unless The Distributor knows that the conditions set out in Article 4.1.1 are incorrect.
- 4.1.6 Articles 4.1.1 b)–d) shall not apply if The Distributor has imported the Audio-visual products inclusive of Mechanical Royalties and the exporter has signed an agreement with NCB or NCB's sister society in the country of export covering the payment of Mechanical Royalties. The Distributor undertakes to submit documents proving that Mechanical Royalties were already paid.
- 4.1.7 Each Audio-visual Work contained in a Box-set shall be licensed according to applicable terms for the pertinent type of content.

4.2 Reporting of Turnover

- 4.2.1 Twice a year The Distributor undertakes to report the number of Audio-visual products which has left The Distributor's warehouse during the Accounting Period in question.
- 4.2.2 The reporting shall be made on a list called Sales Report, which is sent to The Distributor by NCB at the beginning of January and July for the preceding Accounting Period. The Distributor undertakes to check that the Sales Report includes all its AV-products apart from the AV-products mentioned in article 2.4.
- 4.2.3 The Sales Report shall be filled in and returned to NCB not later than 30 days after receipt.
- 4.2.4 The Distributor undertakes to indicate the following information in his Sales Report:
- a) the Distributor's Turnover (exclusive of VAT) for each AV-product (Catalogue Number) divided into
 - ◆ sale through wholesalers or retail dealers on sales products
 - ◆ sale/rental through wholesalers or retail dealers on rental products.
 - b) number of free issues which the Distributor has handed out free of charge for promotional purpose.

The Distributor shall indicate his sales information according to the guidelines laid down by NCB.

- 4.2.5 For Sales effected outside NCB's Territory the Distributor undertakes to supply information on the Turnover of the foreign Distributor in the local currency of the country in question exclusive of the relevant VAT taxes. Local currency shall mean the currency of the country of dispatch.
- 4.2.6. For Sales effected inside NCB's Territory the Distributor undertakes to supply information on the Turnover of the Distributor in the local currency of the country in question exclusive of the relevant VAT taxes. Local currency shall mean the currency of the receiving country.
- 4.2.7 The Distributor shall report electronically to NCB in a format specified and approved by NCB. The format for reporting is in the Microsoft Excel spreadsheet.

4.3 Manufacture

- 4.3.1 NCB's licence, cf. clause 2.3, includes the right to have copies made with manufacturing firms as Custom Manufacture. The Distributor shall inform NCB of the names and addresses of the firms it uses for Manufacture.

- 4.3.2 In the event that NCB informs The Distributor of a duplication plant which has been involved in illegal manufacture, The Distributor undertakes to abstain from using the plant in question for Manufacture, and only use plants with an agreement with NCB or with NCB's foreign partners (sister societies).
- 4.3.3 The Distributor agrees to support NCB's efforts to conclude manufacturing agreements with the duplication plants.

5 Payment terms and invoicing

5.1 Royalty invoice and quarterly advances

5.1.1 After the end of each Accounting Period The Distributor shall receive a royalty invoice specification of Mechanical Royalties payable:

- ◆ in October an invoice covering 1 January-30 June
- ◆ in April an invoice covering 1 July-31 December.

5.1.2 The invoice specification is prepared on the basis of information supplied by the Distributor in its sales report covering the Accounting Period in question cf. article 4.2 (reporting of Turnover). All numbers in the invoice will be rounded off to the nearest two decimal places. The invoice specification contains information of cover title, Catalogue Number, format, sales period, country of sales, price, type of outgoing, quantity, royalty rate, claim percentage for the entire production, NCB's claim on the product in question and currency.

5.1.3 As an invoice is prepared only every six months The Distributor undertakes to pay quarterly advances each 1 February, 1 May, 1 August and 1 November. The advance payment shall equal half the Mechanical Royalties invoiced by NCB for the equivalent Accounting Period the year before. The minimum amount of each quarterly advance payment is:

Country	Currency	Minimum quarterly advance payment
Denmark	DKK	3,000.00
Estonia	EEK	3,000.00
Finland	€	500.00
Iceland	ISK	30,000.00
Latvia	LTL	300.00
Lithuania	LVL	1,500.00
Norway	NOK	3,000.00
Sweden	SEK	3,000.00

NCB's minimum advance payment shall apply according to the country of sale. For distribution outside NCB's Territory of Administration, NCB shall be approached prior to the said distribution.

The minimum advance payment shall be reviewed and adjusted every 12 months as at 1 January in accordance with the changes of the net consumer-price index – initially as at 1 January 2013.

- 5.1.4 If The Distributor positively knows that the Mechanical Royalties for a given Accounting Period will deviate considerably from the Accounting Period on which the advance payment is based, The Distributor shall notify NCB of this in order for NCB to adjust the advance payment on the basis of information given on new releases cf. article 4.1 (Registration of new releases).
- 5.1.5 As for new distributors the quarterly advances shall be estimated and fixed by NCB on the basis of the information supplied by the distributors as to their estimated manufacture/distribution.

5.2 Guarantee

- 5.2.1 As a financial security for the fulfilment of its obligations under this Standard Contract, The Distributor shall pay NCB an amount as a guarantee.

This guarantee can be used by NCB to cover any financial claim against The Distributor attributable to non-fulfilment of the provisions of this Standard Contract.

- 5.2.2 The Distributor may choose to provide a banker's guarantee provided that the form and wording are according to directions given by NCB or a cash guarantee handled and administered by NCB.
- 5.2.3 The amount of the guarantee shall equal Mechanical Royalties payable for three months based on the Mechanical Royalties invoiced during the two preceding Accounting Periods. Adjustments to the amount of the guarantee shall be made every year in the month of January.
- 5.2.4 As for new distributors the amount of the guarantee shall be estimated and fixed by NCB on the basis of the information supplied by the distributors as to their estimated manufacture/ distribution. The minimum amount of the guarantee is:

Country	Currency	Minimum guarantee
Denmark	DKK	10,000.00
Estonia	EEK	10,000.00
Finland	€	1,700.00
Iceland	ISK	100,000.00
Latvia	LTL	1,000.00
Lithuania	LVL	5,000.00
Norway	NOK	10,000.00
Sweden	SEK	10,000.00

5.3 Payment of invoice and additional fees

- 5.3.1 NCB shall forward an invoice specification which the Distributor shall comment on or approve within 14 days. After approval of the invoice specification the Distributor will receive an invoice.

All invoices issued by NCB shall be payable within 14 days from the invoice date. Claims for Mechanical Royalties, cf. articles 3 and 5, fall due not later than on 15 November covering the Accounting Period 1 January-30 June, and on 15 May covering the Accounting Period 1 July-31 December.

- 5.3.3 NCB is entitled to charge a reminder fee as much as the statute of NCB is entitled to in accordance with the Danish laws for each reminder sent to the Distributor. This applies to any reminder be it due to failure on the Distributor's part to report information/documentation, or be it due to non-payment or late payment of NCB's invoices.

5.4 Interest

- 5.4.1 If the due date of any invoice is not observed NCB shall be entitled to charge default interest from the due date till payment is effected. The interest rate applied in accordance with late payment of invoices shall be 4% above the official discount rate of the inter-bank interest rate as liquidated damages for each full day of delay.
- 5.4.2 Interest shall be charged on any difference between the advances paid and the actual Mechanical Royalties invoiced for the same Accounting Period from the date of invoice of the advance payment till the date of the royalty invoice. Interest rate to be applied to advance payments shall be calculated on the basis of the inter-bank interest rate plus 4%.
- 5.4.3 The interest rate in connection with audit findings or lack of reporting as set out in art. 4.1 and 4.2 which are due to gross negligence shall be 16%.
- 5.4.4 In case The Distributor fails to deliver an acceptable report complying with the requirements set out in article 4.1 and 4.2 in time The Distributor shall be obliged to pay interest on the final invoiced amounts at a rate of 4% above the official discount rate of the inter-bank interest rate as liquidated damages for each full day of delay when the complete report or music cue sheet is delayed.
- 5.4.5 If the Distributor fails to deliver an acceptable report in accordance with art. 4.1 and/or art. 4.2 and therefore cannot pay in due time, NCB is entitled only to invoice one interest rate from the earliest moment of contractual breach in accordance with art. 5.4.1 or 5.4.4.

5.5 Administration fee

- 5.5.1 If the Distributor fails to fulfil its contractual obligations in connection with electronic reporting of new releases and/or turnover, NCB can invoice the Distributor a fee (500 DKK/hour excl. VAT) for every hour an employee at NCB must work beyond what can be reasonably expected from NCB.
- 5.5.2 In case the failure is because of the Distributor's failure to fulfil its obligations due to reasons concerning NCB's systems or the Distributor having questions in regard to electronic reporting, NCB cannot charge the Distributor an administration fee.
- 5.5.3 Furthermore, if the reason for the Distributor's failure is due to electronic reporting in 2012, NCB cannot charge for administration fee, unless the failure results from the Distributor's not trying to send the reporting electronically or cooperate with NCB to implement electronic reporting in its system.
- 5.5.4 In connection with an administration fee NCB will in advance provide the Distributor with information of the estimated price and time for the work in question, whereupon the Distributor has three days to either accept it or to decline.
- 5.5.5 The administration fee shall every 1 of January be adjusted according to the net price index for Denmark (the first time for the year 2013 according to the development in the net price index for July 2011 compared to July 2012).

5.6 Anti-piracy

- 5.6.1 NCB shall contribute to the joint NCB/Video Industry anti-piracy activities with 0.1 percentage point of the agreed tariff in this Standard Contract. NCB's contribution to anti-piracy shall never exceed the contribution made by the local Video Distributor Associations as a whole.
- 5.6.2 The contribution is given under the terms and conditions that the anti-piracy activities are performed in an anti-piracy group in which NCB has the right to attend and willing to do so.
- 5.6.3 Furthermore, due to the change of activity level in some anti-piracy groups, NCB can earmark a certain amount of the above sum to internal anti-piracy activities. Before earmarking NCB will take contact to the Video Association located in the country in question and explain the situation and need to earmark.

NCB and the Video Association located in the country in question shall have good faith dialogue concerning the earmarking, whereupon the Video Association shall approve the earmarking. No contribution can be higher than the anti-piracy cost related to protection of NCB's repertoire and/or interest.

6 Audit

6.1 Audit

- 6.1.1 NCB shall have access to The Distributor's warehouse and bookkeeping records in order to verify that The Distributor complies with the provisions of this Standard Contract. This right of access shall not be refused or delayed on any pretext by The Distributor.
- 6.1.2 The Distributor shall ensure that documents required to account for Turnover and crediting from its warehouse are kept in a form which will enable NCB to carry out accurate and convenient audits.
- 6.1.3 The Distributor shall maintain a transparent and precise accounting system which will allow NCB's copyright auditors to check the accuracy of its reporting to NCB.
- 6.1.4 If The Distributor does not comply with the provisions of articles 6.1 – 6.1.3 and this consequently entails extraordinary audits, The Distributor shall defray NCB's expenses caused by such audits.
- 6.1.5 NCB guarantees that information on The Distributor's business and activities shall not be imparted to third parties, unless such right or obligation results from applicable law or the nature of things.

7 Mandatory information

7.1 Mandatory information

7.1.1 The Distributor shall see to it that the inlay or cover of Audio-visual Work bear the NCB logo. The logo is available from NCB's website.

7.1.2 The following wording shall be printed on the product for Sale:

"This product shall only be sold to private persons. The product is intended for private use only, i.e. for admission free exhibition in private homes. It is illegal to use the product for public exhibition including cable television etc. Rental, lending or duplication of the product prohibited."

7.1.3 The following wording shall be printed on products for Rental:

"This product shall only be rented to private persons. The product is intended for private use only, i.e. for admission free exhibition in private homes. It is illegal to use the product for public exhibition including cable television etc. Sale, lending or duplication of the product prohibited."

8 Assignment and subcontracting of agreement

8.1 Assignment and subcontracting of agreement

- 8.1.1 The Distributor is not entitled to assign this Standard Contract and/or the rights and/or obligations under this Standard Contract without prior written approval from NCB. The Distributor shall not subcontract or delegate in any manner any of its rights and obligations under this Standard Contract to any third party without the prior written consent of NCB. NCB cannot unreasonably deny approval to assign or subcontract this Standard Contract.

9 Notices

9.1 Notices

9.1.1 All notices to the other Party shall be made in writing in English and delivered to the addresses of the contact persons as defined below. Changes to the contact information shall be communicated to each other without any delay.

9.1.2 Contact persons of NCB are as follows:

- ◆ In matters relating to reporting:
- ◆ In other matters: .

9.1.3 Contact persons of The Distributor are as follows:

- ◆ In matters relating to reporting:
- ◆ In matters of breach:
- ◆ In other matters: .

10 Jurisdiction and applicable law

10.1 Jurisdiction and applicable law

- 10.1.1 Disputes relating to the interpretation or implementation of this Standard Contract shall be settled in accordance with the substantive and procedural law of the country of the defendant.

11 No waiver

11.1 No waiver

- 11.1.1 The failure of either Party to enforce at any time any of the provisions hereof shall not be waiver of such provision, or any other provision, or of the right of such Party thereafter to enforce any provision hereof.

12 Breach of contract

12.1 Breach of contract

- 12.1.1 This Standard Contract becomes legally binding when all Parties have signed it.
- 12.1.2 NCB has the right to terminate this Standard Contract with immediate effect by giving The Distributor a written notice of the termination, if:
- (i) The Distributor fails to pay any amount due under this Standard Contract on the due date for payment and remains in default not less than fourteen (14) days after being notified in writing to make such payment; or
 - (ii) The Distributor commits a material breach of this Standard Contract and (if such breach is remediable) fails to remedy that breach within a period of fourteen (14) days after being notified in writing to do so. The Distributor's repeating failure to forward a report that substantially comply with the specifications in article 4 may be considered such a material breach; or
 - (iii) The Distributor repeatedly breaches any of the terms of this Standard Contract in such a manner as to reasonably justify the opinion that its conduct is inconsistent with it having the intention or ability to give effect to the terms of this Standard Contract; or
 - (iv) The Distributor becomes insolvent or make or seek to make an arrangement with or assignment for the benefit of creditors, or is a party in proceedings in voluntary or involuntary bankruptcy or liquidation.
- 12.1.3 If any provision (or part of a provision) of this Standard Contract is found by any court or administrative body of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions will remain in force.
- 12.1.4 For the sake of clarity it is stated that upon termination or expiry of this Standard Contract for any reason the licence granted under this Standard Contract automatically terminates with immediate effect following termination. Articles 4, 5, 6 and 9 shall survive termination or expiry of this Standard Contract and remain in force until The Distributor completes all of its reporting and payment obligations based on this Standard Contract.

13 Terms and termination

13.1 Terms and termination

- 13.1.1 The "2012 Standard Contract • AV-products" has as a model contract been negotiated with the Nordic Video Distributor Associations and shall take effect as from 1 January 2012. Nordic Video Distributor Associations or NCB may terminate the "2012 Standard Contract • AV-products" by giving a six-month notice for expiry at the first day of January. First possibility for termination will be January 2014. Notice of termination shall be sent by registered mail.
- 13.1.2 As long as this model contract is in force the Nordic Video Distributor Associations and NCB will meet annually in order to identify and discuss potential need for re-negotiations of the terms.
- 13.1.3 NCB shall do its best effort to ensure that all Video Distributors in the Territory enter into this Standard Contract. The Nordic Video Distributor Associations in the Territory shall forward a list each year to NCB of distributors that they believe have not entered into this Standard Contract.
- 13.1.4 This Contract shall take effect on _____.
- 13.1.5 The Distributor as well as NCB may terminate this Standard Contract by giving a three-month notice. Notice of termination shall be sent by registered mail.

13.2 Signatures

Date

NCB

Date

The Distributor

Annex 1

Additional licences

- 1 The Producer shall obtain a licence for the combination of Music Works and moving pictures (Synchronization). The Synchronization License may only cover certain exploitations, i.e. broadcasting etc. In the event the Synchronization License does not cover sale/rental distribution for private use an additional synchronization license must be obtained from NCB and paid for. The fee shall only be paid once and covers the production of the master tape as well as the combination of Music Works and moving pictures.
 - 1.1 In the Territory a Synchronization Licence shall be obtained from or through NCB or directly from the copyright holder; outside the Territory the licence shall be obtained from the relevant copyright holders or their music publishers. Such supplementary licence may be subject to individual tariffs as decided by the copyright holders.
 - 1.2 An additional licence from the copyright holders/their music publishers which cannot be obtained from or through NCB is required if:
 - ◆ the Music Work is used in a political, religious, pornographic or commercial context
 - ◆ a graphic or visual reproduction of sheet music or lyrics is made
 - ◆ the Producer adapts, samples or uses fragmentary reproduction of the Music Work
 - ◆ the Music Work never was released before on CD, record, tape or similar formats (first recording)
 - ◆ new or translated lyrics are used for existing music
 - ◆ new music is used for existing lyrics
 - ◆ the copyright holders manage their own individual rights.
- 2 If re-recording/dubbing is made from an existing recording the Producer shall obtain a licence from the relevant record company and the performing artists.
- 3 Special licensing situations concerning Synchronization:
 - 3.1 NCB's Synchronization Licence covering exhibition in cinemas includes the right to transfer an Audio-visual Work to a video master for the manufacture of copies and distribution for Private Use.
 - 3.2 NCB's Synchronization Licence covering exhibition in television broadcasts, educational institutions, companies or other public performance *does not* include the right to transfer an Audio-visual Work to a video master for the manufacture of copies and distribution for Private Use.

- 3.3 Transfer to video master for Private Use of ephemeral productions produced by broadcast organizations shall only be made on the condition that a synchronization licence has been obtained prior to the transfer.
- 3.4 Audio-visual Work licensed as third party productions for the use as broadcasts by broadcast organizations and against fixed tariffs only shall require a supplementary synchronization licence in order to be transferred to a video master.
- 4 It rests with The Distributor to ascertain that a synchronization licence covering the transfer to video master with a view to the manufacture of AV-products for Private Use has been issued. Such licences may be subject to individual tariffs as decided by the copyright holders.
- 5 The Distributor undertakes to submit documentation proving that synchronisation fee has been paid.
- 6 Not later than 28 days after NCB has requested the Distributor to do so, it shall submit documentation proving that a licence for the use of Repertoire has been obtained. If the Distributor cannot submit documentation, NCB can ban the Audio-visual Work, and the Distributor is obliged to cease to manufacture, marketing, sell and/or rent the product.