



Standard Contract Karaoke Productions 2006 • Denmark

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hereinafter called **NCB** of the one part

and

hereinafter called **The Producer** (who is meant to be the company or the person responsible to NCB for reporting and payment of synchronisation fee and mechanical royalties as well for Karaoke productions being produced, recorded, manufactured and distributed according to this standard contract)

of the other part

have entered into the following standard contract

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1 DEFINITIONS

Words with an initial capital are defined in Annex 1 being an integrated part of this standard contract.

2 SCOPE OF THE STANDARD CONTRACT

2.1 The scope of the standard contract

- 2.1.1 The scope of this standard contract is to grant The Producer a non-exclusive licence to manufacture and distribute Karaoke productions (in the following Productions) on physical media containing NCB's repertoire by way of sale or rental for Private Use.

2.2 NCB's repertoire

- 2.2.1 The repertoire of NCB comprises the copyright protected Nordic and foreign Musical Works for which the management and administration of the mechanical rights have been entrusted to NCB by virtue of membership agreements and/or reciprocal agreements with sister societies in or outside NCB's Territory of Administration.
- 2.2.2 The repertoire of NCB includes the Musical Works already created by the authors as well as those they may create in future, including commissioned music. The repertoire of NCB also includes words without music, e.g. monologues, provided that the author by special agreement has entrusted such rights to NCB.

3 NCB's LICENCE

3.1 Basis of the licence

- 3.1.1 The licence covered by this standard contract shall be granted only on condition that
- ◆ the Productions which are distributed, marketed and/or used for duplication have been legally produced and that all necessary licences have been acquired cf. clause 3.3
 - ◆ The Producer has acquired – by the copyright holders themselves – their licence to use the Graphical Rights which are not covered by this standard contract.

3.2 Scope of the licence

- 3.2.1 According to this standard contract NCB grants The Producer a non-exclusive right in Denmark to:
- ◆ **record** protected Musical Works using NCB's repertoire as described in clause 2.2 and manufacture Productions on the basis of these recordings
 - ◆ **distribute** such Productions to private end users with a view to their sale or rental
 - ◆ **distribute** legally manufactured Productions which have been legally imported.
- 3.2.2 The licence referred to in clause 3.2.1 is granted only for the Label(s) notified by The Producer. NCB accepts only one producer in each country of NCB's Territory of Administration as being responsible for the payment of royalties for any given Label.
- 3.2.3 Licence according to this standard contract shall not be assigned to anybody else, and "masters" shall not be transferred to a third party without NCB's consent.
- 3.2.4 NCB's licence does not include public performance of the Productions. Such licence must be obtained from KODA.
- 3.2.5 This contract does not cover distribution or the making available of Productions via the internet, intranet or similar digital networks.

3.3 Additional licences

- 3.3.1 An additional licence must be applied for through NCB for the combination of music and picture (Synchronization). An additional licence must also be applied for through NCB for the production of Trailers and signature music. Inside NCB's Territory of Administration the licence covering Synchronization – including the fixing of royalties and terms for such use – shall be applied for through NCB; outside NCB's Territory of Administration the licence shall be applied through the copyright holders involved or their publishers.
- 3.3.2 Distribution of Productions for Private Use is always subject to the payment of a Synchronization Fee provided that such fee for Private Use has not been paid previously.
- 3.3.3. An additional licence from the copyright holders/their publishers is required and it rests with The Producer to obtain such licence if:
- ◆ the Musical Work is used in a political, religious, pornographic or commercial context
 - ◆ musical notations or lyrics are represented or reproduced graphically on the Production or in booklet/inlay cf. clause 4.3.1

- ◆ The Producer adapts, “samples” or use fragments of the Musical Work
- ◆ the Musical Work has never been released on CD, record, tape or similar media (first recording)
- ◆ the existing music has got new or translated lyrics
- ◆ the existing lyrics have got new music.

3.3.4 If re-recording/dubbing is made from an existing recording additional licences must be obtained from the record company and the relevant performing artists.

3.4 Bans

3.4.1 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 Productions.

3.4.2 If all required additional licences have not been obtained by The Producer cf. clause 3.3, or if The Producer at NCB’s request cannot provide evidence that such licences have been obtained NCB shall be entitled to ban manufacture and distribution of Productions covered by this standard contract and claim compensation for non-economic loss.

4 MORAL RIGHTS, CREDITS & COMPULSORY INFORMATION

4.1 Moral rights

4.1.1 The repertoire of NCB shall not be modified or put into public circulation in any way or any context which may be prejudicial to the honour of the artistic reputation of the author cf. section 3 of the Danish Copyright Act.

4.2 Credits

4.2.1 The Producer shall credit the copyright holders as far as the total numbers that have been used in the Production are concerned. The required credit shall be clearly visible from the booklet or inlay of the Production cf. clause 3.3.3 and 4.3.1. The following information for each Musical Work used in the Production shall appear: Title, names of composer, lyricist, arranger and music publisher.

4.3 Compulsory information

- 4.3.1 The Producer undertakes to include NCB's logo on the booklet or inlay of the Production. The logo can be downloaded from NCB's website www.ncb.dk.
- 4.3.2 The following wording giving a warning about illegal and commercial use of such copies shall be printed on Productions indented for sale or rental for Private Use:

Sale intended for private use

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

Rental intended for private use

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

5 NCB ROYALTIES

5.1 Royalties payable

- 5.1.1 Mechanical Royalties shall be payable at the moment when The Producer makes a Production cf. clause 5.2. 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 in which the Production has left the Producer's warehouse.

5.2 Mechanical royalties

- 5.2.1 For each Production reproducing one or more works of NCB's repertoire The Producer shall pay Mechanical Royalties as set out below.
- 5.2.2 Mechanical Royalties are calculated on the basis of a total playing time of 80 minutes containing up to 20 Musical Works.
- 5.2.3 The Producer shall pay Mechanical Royalties which are calculated on the basis of the highest PPD of each Production exclusive of VAT. The Mechanical Royalties shall amount to 9.009% of the PPD and shall be payable for each distributed copy.
- 5.2.4 If The Producer sells directly to consumer The Producer shall pay Mechanical Royalties on the basis of the highest RRP of each Production exclusive of VAT. The Mechanical Royalties shall amount to 7.4% of the RRP and shall be payable for each sold copy.

- 5.2.5 If The Producer's sales price each copy leads to lower average prices each copy than the minimum prices stated at any time the Mechanical Royalty each copy is raised to the minimum rate in force at any time.

The minimum rate is the amount which The Producer at least shall pay for the use of NCB's repertoire. The minimum rates shall be adjusted once a year on 1 January. NCB's minimum rates in force at any time covering Karaoke Productions appear from www.ncb.dk.

- 5.2.6 Sale of Productions with a view to rental indented for Private Use leads to a minimum rate in force at any time multiplied by 5.
- 5.2.7 In addition to Mechanical Royalties a Synchronization Fee shall be paid for Productions sold or rented intended for Private Use. The Synchronization Fee is a fixed amount of DKK 3.33 per recorded second of NCB's repertoire which amount is subject to alteration without warning. The Synchronization Fee intended for Private Use shall be paid by The Producer unless he can prove that the Synchronization Fee intended for Private Use has been paid already.

5.3 Free issues

- 5.3.1 For The Producer's sales promotion and for submission to critics, up to 250 copies of the first issue of a new release may be exempt from NCB royalties. It is a condition that the total issue shall amount to at least 500 copies and that the free issues shall be handed out free of charge to radio stations, DJ's and reviewers. The copies shall be marked "Not for Sale". This notice must be non-erasable. A list showing copies handed out shall be sent to NCB at NCB's request.
- 5.3.2 For audit purposes the number of free issues handed out must be indicated in The Producer's Sales Report. At NCB's request The Producer shall submit a copy free of charge to NCB.

5.4 Imports inclusive of Mechanical Royalties

- 5.4.1 The Producer shall be entitled to import Productions 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.

If The Producer imports Productions inclusive of Mechanical Royalties The Producer shall be liable for payment of the Mechanical Royalties if the exporter has not entered into the said agreement with NCB or NCB's sister society of the exporting country.

5.5 Claims put forward by third party

- 5.5.1 If NCB as well as any third parties who are not represented by 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.

6 FINANCIAL PROVISIONS

6.1 Royalty invoice and advance payments

- 6.1.1 After the end of each Accounting Period The Producer shall receive a royalty invoice covering Mechanical Royalties payable:
- ◆ in October an invoice covering 1 January - 30 June
 - ◆ in April an invoice covering 1 July - 31 December.
- 6.1.2 The invoice is prepared on the basis of information supplied by The Producer in his Sales Report covering the Accounting Period in question.
- 6.1.3 As an invoice is prepared only every six months The Producer undertakes to pay monthly advances. The advance payment shall equal $\frac{1}{12}$ of the Mechanical Royalties invoiced by NCB for the equivalent Accounting Periods the year before. The minimum amount of the advance payment shall be DKK 1,000.00.
- 6.1.4. If The Producer 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 Producer shall notify NCB of this in order for NCB to adjust the advance payment on the basis of information given on new releases.
- 6.1.5 As for new Producers the monthly advances shall be estimated and fixed by NCB on the basis of the information supplied by The Producers as to their planned manufacture/distribution.
- 6.1.6 Interest shall be charged on any difference between the advance payments paid to NCB by The Producer in a given Accounting Period and the actual Mechanical Royalties invoiced by NCB for the same Accounting Period from the date of invoice of the advance payment till the date of the royalty invoice cf. clause 6.3.2.
- 6.1.7 No matter the calculation of copyright of your Production NCB's minimum rates shall be in force in connection with each invoicing, if the copyright amount is below the minimum rates in force at any time cf. www.ncb.dk

6.2 Guarantee

6.2.1 As a financial security for the fulfilment of his obligations under this contract, The Producer shall pay NCB an amount as a guarantee.

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

6.2.2 The Producer may choose to provide a banker's guarantee provided that the form and wording are according to directions given by NCB.

6.2.3 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.

6.2.4 As for new Producers the amount of the guarantee shall be estimated and fixed by NCB on the basis of the information supplied by The Producers as to their planned manufacture/distribution.

The minimum amount of the guarantee shall be fixed at DKK 10,000.00.

6.3 Payment of invoice, interest and additional fees

6.3.1 All invoices issued by NCB shall be payable within 14 days from invoice date.

6.3.2 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 applicable interest rate and any other instance where interest may be charged according to this contract shall be the interbank rate + (plus) 6% p.a.

6.3.3 Any reminder sent by NCB under this contract shall be charged The Producer with DKK 100.00 each reminder. This applies to any reminder be it due to failure on The Producer's part to report information/documentation, or be it due to non-payment or late payment of NCB's invoices.

7 REPORTING PROCEDURES

7.1 Registration of new releases

7.1.1 Prior to introducing the Production into the market The Producer undertakes to supply NCB with the following information:

- a) the title and total playing time of the Production
 - b) for each Musical Work used in the Production the title of the work and playing time as well as the names of the composer, lyricist, arranger and music publisher
 - c) Label and Catalogue Number under which the Production is distributed
 - d) indication of whether the Production is distributed as a sales production and/or a rental production.
- 7.1.2 The registration shall be made by submitting NCB's release notice for AV productions together with a copy of the Production in question. The registration shall be in accordance with the procedure drawn up by NCB.
- 7.1.3 The Producer may meet the conditions set out in clause 7.1.1 b) by submitting the music cue sheet of the relevant Production with the music contents used in the Production.
- 7.1.4 Productions having the same content shall not be marketed under the same Catalogue Number cf. clause 7.1.1 c). Furthermore, Productions of identical content shall not be distributed as sales production and rental production under the same Catalogue Number cf. clause 7.1.1 d).
- 7.1.5 Clauses 7.1.1 b) - d) shall not apply if the Producer has imported the Production 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 Producer undertakes to submit documents proving that Mechanical Royalties were already paid.
- 7.1.6 Not later than 14 days after NCB has requested The Producer to do so, he shall submit documentation proving that a licence for the use of NCB's repertoire in Trailers and as signature music has been obtained.

7.2 Reporting of outgoings

- 7.2.1 Twice a year – in July and January – The Producer undertakes to report the number of Productions which have left The Producer's warehouse during the Accounting Period in question.
- 7.2.2 The reporting shall be made on a list called Sales Report, which is sent to The Producer by NCB. The Sales Report contains a computer printout of all the Productions registered by The Producer with NCB. The Producer undertakes to check that the Sales Report includes all his Productions.
- 7.2.3 The Sales Report shall be filled in and returned to NCB not later than 30 days after receipt.
- 7.2.4 The reporting can also be made electronically according to NCB's instructions.
- 7.2.5 The Producer undertakes to indicate the following information in his Sales Report:

- a) number of copies of each Production (Catalogue Number) having left his warehouse during the relevant Accounting Period grouped in
- sales through wholesale or retail dealers
 - sales/rental through wholesale or retail dealer
 - rental with a view to Private Use divided into countries in which rental to the consumers has been made
- b) The Producer's Published Price to Dealers (exclusive of VAT) for each Production (Catalogue Number) divided into the categories set out in sub-clause a) above.

7.2.6 For sales effected outside Denmark The Producer undertakes to supply information on the PPD of the foreign Distributor in the local currency of the country in question exclusive of the relevant VAT taxes.

7.3 Custom Manufacture

7.3.1 NCB's licence includes the right to have copies made with duplication firms having entered into an agreement with NCB as Custom Manufacture. The Producer shall inform NCB of the names and addresses of the firms he uses for Custom Manufacture.

7.3.2 In the event that NCB informs The Producer of a duplication plant which has been involved in illegal manufacture, The Producer undertakes to abstain from using the plant in question for Custom Manufacture.

7.4 Labels exploited

7.4.1 The Producer shall be liable to give written notice to NCB of any new Label he may exploit.

8 AUDIT

8.1.1 NCB shall have access to The Producer's warehouse and bookkeeping records in order to verify that The Producer complies with the provisions of this contract. This right of access shall not be refused or delayed on any pretext by The Producer.

- 8.1.2 The Producer shall ensure that documents required to account for incomings and outgoings from his warehouse are kept in a form which will enable NCB to carry out accurate and convenient audits.
- 8.1.3 The Producer shall maintain a transparent and precise accounting system which will allow NCB's copyright auditors to check the accuracy of his reportings to NCB.
- 8.1.4 If The Producer does not comply with the provisions of clauses 8.1.1 - 8.1.2 and this consequently entails extraordinary audits, The Producer shall defray NCB's expenses caused by such audits.

9 BREACH OF CONTRACT AND TERMINATION

- 9.1.1 In the event of The Producer's filing of a bankruptcy petition, suspension of payment, bankruptcy or opening up of negotiations for a composition NCB shall be entitled to terminate the contract with *immediate effect*.
- 9.1.2 If The Producer fails to comply with his obligations toward NCB as set out in this contract NCB shall be entitled to terminate the contract by giving *fourteen days notice*. Notice of termination of the contract due to any breach shall be sent by registered mail.
- 9.1.3 In the event that The Producer fails to fulfil his obligations under this contract and NCB thus terminates the contract The Producer's right to record and distribute protected Musical Works using NCB's repertoire shall be lost, unless another agreement with NCB is concluded.
- 9.1.4 If the contract is terminated under the provisions of clause 9.1.1 or 9.1.2, NCB's claims according to invoices issued before the termination shall fall due. Claims for Mechanical Royalties and Synchronization Fees on Productions which have left The Producer's warehouse prior to the termination of the contract shall fall due with immediate effect.
- 9.1.5 If the contract is terminated under the provisions of clause 11 NCB's claims Mechanical Royalties and Synchronization Fees shall fall due not later than 14 days after the expiration of the notice of termination. The Mechanical Royalties and Synchronization Fees for the Productions which The Producer have in stock at the time of the termination of this contract shall be calculated according to the stipulation of this contract.

10 JURISDICTION AND APPLICABLE LAW

- 10.1 Disputes relating to the interpretation or implementation of this contract shall be settled in accordance with Danish law and court cases, if any, shall be settled by the City Court of Copenhagen.

11 TERM OF THE CONTRACT

11.1.1 This contract which has been concluded to-day shall take effect on _____.

11.1.2 The Producer as well as NCB may terminate this contract by giving a three-month notice. Notice of termination shall be sent by registered mail.

Date

NCB

Date

Producer

ANNEX 1

Definitions

Accounting Period	6-month period: 1 January - 30 June and 1 July - 31 December respectively.
Catalogue Number	identification Number of a Karaoke Production. The Producer uses the number in his bookkeeping and inventory systems.
Custom Manufacture	physical manufacture by a duplication plant of a third party. The duplication plant does not obtain any right to the product but receives payment for the commodities and the work taken on.
Graphical Rights	rights of sheet music or text which is graphically reproduced.
Karaoke Production	karaoke is derived from the Japanese word 'kare' (which means empty) and 'okesutora' (which means orchestra). A Karaoke Production is a sound carrying medium which contains the instrumental part of a Musical Work as well as a graphically reproduction of the text. Furthermore, a Karaoke Production may also contain the visual components and the chorus, and in some cases a 'lead vocal' supporting the user may be included. The idea is that you act as a singer yourself synchronous with the fact that the lyrics are shown on a screen and the music is played or exists in a printed form. NCB must grant a licence to record, manufacture and distribute all Karaoke Productions no matter the format or type of medium.
Label	name/label under which The Producer distributes his Karaoke Productions.
Legally Produced	applies when the Producer has obtained all required necessary licences cf. clause 3.3.
Mechanical Royalty	royalty paid on one copy of a Karaoke Production.
Musical Work	Musical works under copyright protection, i.e. music with and without lyrics – and the instances set out in clause 2.2.2: words without music.
NCB's Territory of Administration	The Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) as well as the Baltic countries (Estonia, Latvia and Lithuania).
PPD	"Published Price to Dealers" = The Producer's official list price to retailers exclusive of VAT.
Private Use	The viewing of the Production in private homes by the family and acquaintances of the buyer.
Producer	The producer responsible for the Karaoke Production. The person/the company who delivers Karaoke Productions to wholesalers and retailers with a view to their sale or rental.

Production	audio or audiovisual work covered by this contract cf. clause 5.2.5.
RRP	“Recommended Retail Price” = The Producer’s official list price to the consumers exclusive of VAT.
Sales Report	computer printout of all Karaoke Productions registered with NCB by The Producer.
Synchronization	the combination of a Musical Work and pictures.
Synchronization Fee	payment for the licence to Synchronization.
Trailer	a promotion spot for other existing or coming Karaoke Productions from The Producer’s sales catalogue.
Wholesale Dealers	wholesale dealers and other companies who buy Productions from Producers with a view to the retail trade for sale or rental to private consumers.