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Content



1	Introduction to PPL
2	PPL Revenue Sources and Structure
3	Rights Management at PPL
4	Rights Structures and Dimensions
5	Dispute Resolution

Introduction to PPL



- PPL is a music licensing company, a not for profit service company for record companies and performers
- PPL manages public performance, broadcast and various online and mobile rights in sound recordings
- PPL manages these rights on behalf of 5,000 record companies and 42,000 performers (together its Members)
- This all means that PPL
 - manages millions of sound recordings on behalf of its Members
 - licenses hundreds of thousands of businesses that use sound recordings
 - processes millions of instances of usage of sound recordings by its licensees
 - In 2008 PPL collected £127m

PPL's Revenue Sources



PPL has 3 main revenue sources

- Public Performance and Dubbing
 - Businesses that play sound recordings, such as bars, shops, offices, factories, nightclubs, restaurants etc are required to pay a licence fee in return for the commercial benefit they obtain from playing sound recordings
 - There are a number of business that provide specific compilation services to bars and shops, DJ's, Fitness instructors and they require licences

Broadcasting, Online and Mobile

- The BBC, commercial radio and commercial TV use sound recordings in their programming and require licences
- A new range of licensees have in recent times also developed and I deal with this on the next slide

International

- There are many companies like PPL in many countries around the world and PPL makes sure that on behalf of its mandating Members that it collects from those other music licensing companies any monies that have been collected for the use of their repertoire or performances

Online and Mobile Licensing



- PPL used to license only the terrestrial broadcasters in the UK for their linear broadcasts
- Over recent times PPL's licensing has had to grow across the following areas
 - Non-Interactive Streaming of Radio Stations and Television Channels (licensees include Capital, Virgin, Magic, AOL, Tiscali, RealNetworks, ITV, BSkyB, BBC)
 - Interactive Streaming of Radio Stations (eg. Last.fm, Real Networks)
 - On-Demand Streaming of Radio and Television Channels (eg. ITV, Channel 4, Five, BSkyB, BBC, BT Vision, Virgin Media, Tiscali)
 - DRM Controlled Temporary Downloads of Radio and Television Programmes (eg. ITV, Channel 4, Five, BSkyB, BBC, BT Vision, Virgin Media, Tiscali)
 - On-Demand Streaming of Clips of Sound Recordings (eg. BBC, Muze Europe)

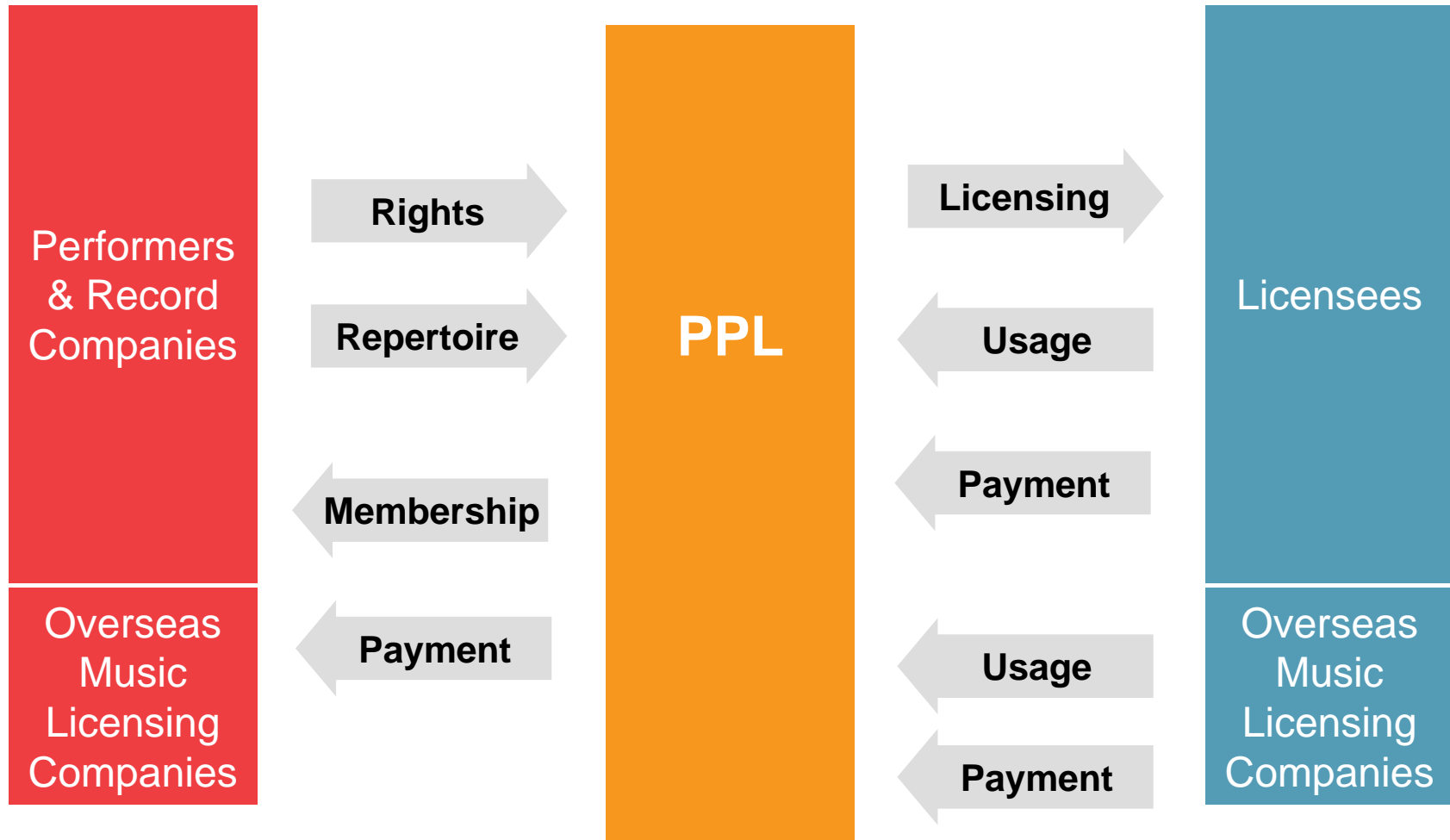
PPL's Structure



PPL Board

- 17 Directors made up as follows:
 - 4 from Major Record Companies
 - 4 from Independent Record Companies
 - 4 from the Performer Community
 - 4 from PPL management
 - 1 former Culture Secretary in UK Government
- Attendees of the PPL Board are:
 - BPI – record company trade body
 - AIM – record company trade body
 - Music Producers' Guild – studio producers trade body
 - Music Managers' Forum – artist managers trade body
 - Featured Artist Coalition – featured artist trade body
 - (The Musicians' Union and Equity are represented in the Performer Directors)
- The PPL Board meets 10 times a year

PPL's Core Business



Rights Management at PPL

Rights at PPL



PPL is concerned with “Recording Rights”, which cover the rights associated with sound recordings and music video; and “Member Participations”, which cover the rights assigned, appointed and mandated to PPL by its members.

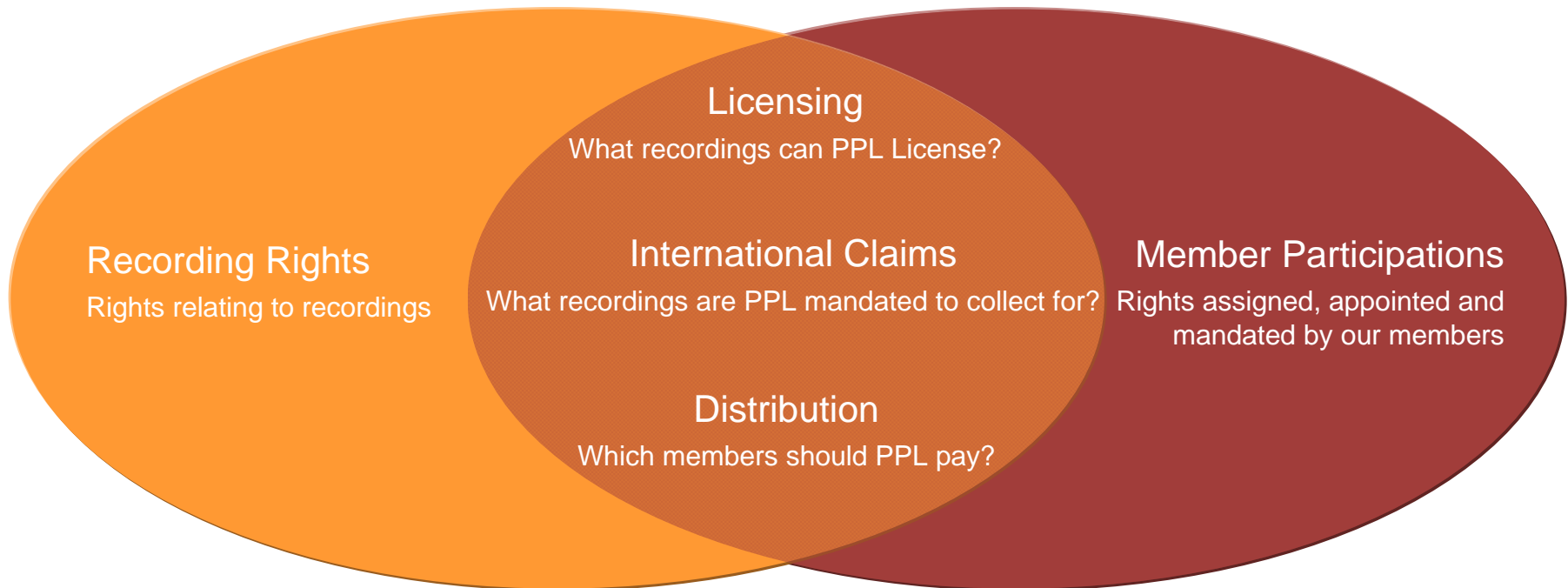


Rights Management at PPL

Why PPL needs to manage rights



Rights Management enables PPL to identify which recordings it can license on behalf of its Recording Rights Holder (RRH) members, and determine which RRH and Performer members it should collect and distribute licensing revenue for.

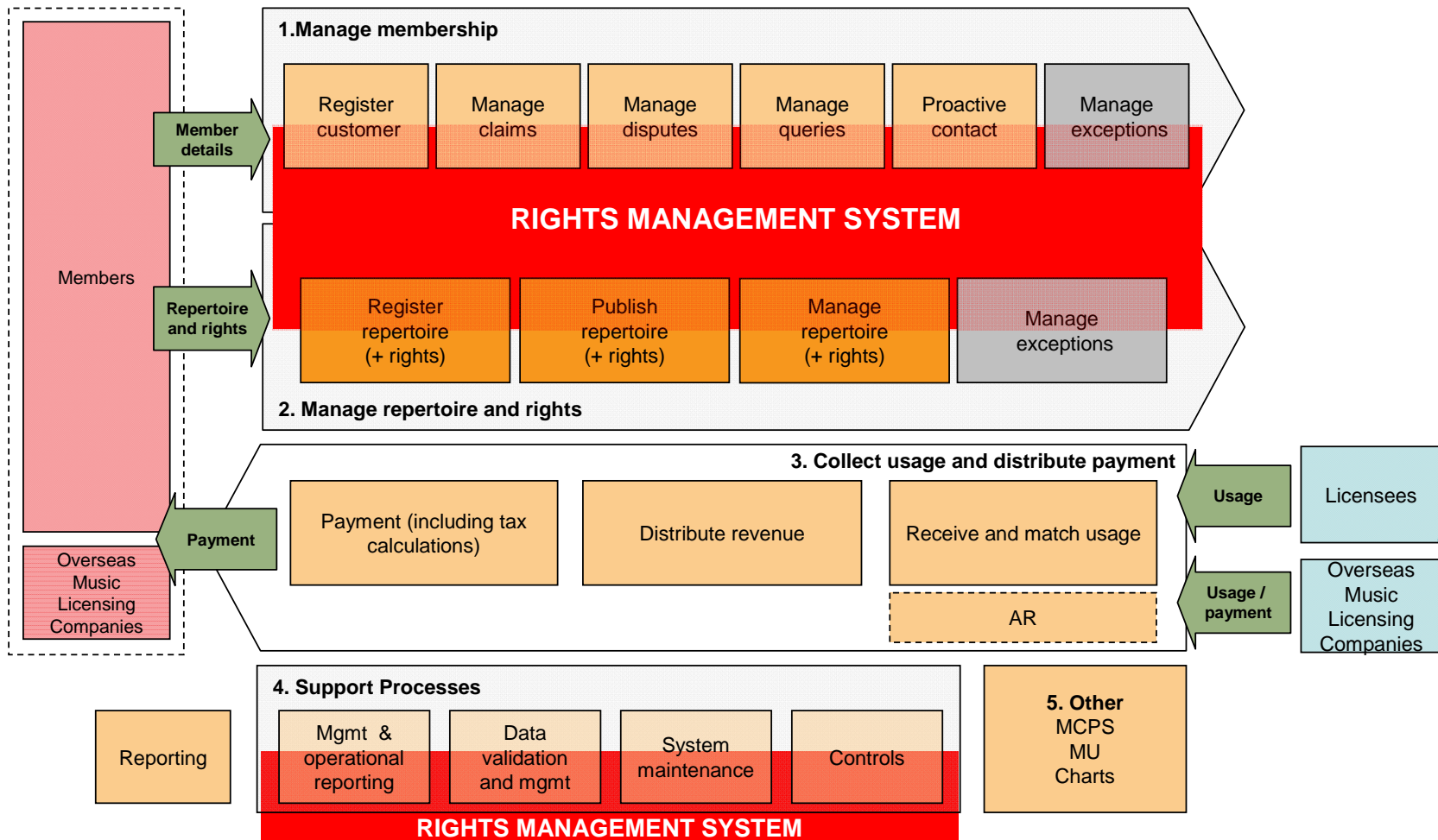


As PPL continues to grow and the nature of its licensing deals become more complex, PPL is having to develop its Rights Management capability.

Rights Management Rights Management System



The Rights Management System primarily supports the “Manage Membership” and “Manage Repertoire (+ rights)” high level processes, whilst also supporting rights specific reporting, validation and maintenance.



Rights Structures and Dimensions

Recording rights and member participations



PPL is concerned with two types of right; “Recording Rights”, which cover the rights associated with sound recordings and video; and “Member Participations”, which cover the rights granted to PPL by the owners and exclusive licensees of recordings, the “Recording Rights Owners” (RRO) and “Recording Rights Holders” (RRH). It also covers the recordings Performer members.

Recording Rights

- RRO or exclusive RRH register audio and video recordings and can also amend them if required.
- RRO and RRH do not need to be members of PPL to register recordings.
- A RRO or RRH will need to provide a list of mandatory data for each sound recording or video registered, this includes International Standard Recording Code (ISRC) code, recording title and main featured artist name, country and date of recording and publication, and rights ownership splits by territory, service category and type of use.
- In addition, a RRO or RRH is required to submit a full performer line-up for each registered sound recording to ensure that PPL performer royalties can be distributed accurately. A full performer line up includes the name, category, role and country of performance of each performer.

Member Participations (RRO & RRH)

- Recording Rights Owners and Holders appoint PPL to license their sound recordings and video on their behalf.
 - There will be six appointments, of which one is compulsory to membership, the remaining five are optional.
 - Where RRO/H members choose to make an optional appointment, record companies will also have the option of opting out of one or more service categories within that appointment.
- RRO and RRH can amend optional appointments and service categories if required. Changes will be subject to a notice period.

Member Participations (Performers)

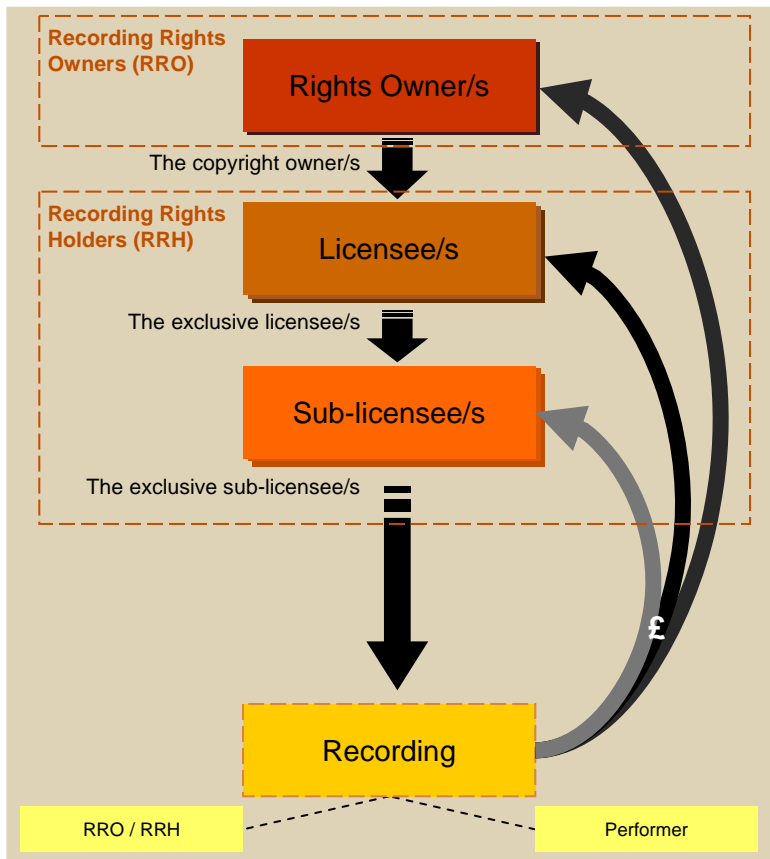
- Performers register with PPL to mandate the collection of airplay royalties based on the contributions made on sound recordings.
- To receive a share of international revenues, a performer member will need to complete an international mandate to give PPL the legal right to collect revenues earned by their work in other territories.
- Where a sound recording has an incomplete Performer line-up, Performers are entitled to raise claims to resolve such omissions.

Rights Structures & Dimensions

Recording rights owner and holder hierarchy



For the purposes of music licensing, revenue collection and subsequent member allocation and distribution, PPL is concerned with knowing who all the Recording Rights Owners and Holders are for the recording over time and who the Performers are, as these are the entities entitled to receive royalties.



A recording will always have an original Recording Rights Owner (RRO). This is the entity who commissioned the recording. The original recording rights owner may sell some or all of these rights to a new RRO, who will own the rights as a successor in title from that point in time onwards.

Recording Rights Owners (RRO) can license the use of one or more of their recordings to licensees or Recording Rights Holders (RRH). RRH will have a right to exploit the recording in one or more types of use in one or more territories for a given period of time. Thereafter the rights revert to the RRO.

Where the licensee contract permits, the Recording Rights Holder can sub-license their recording rights to a sub-licensee. The sub-licensee then becomes the RRH for the period of time covered by the agreement.

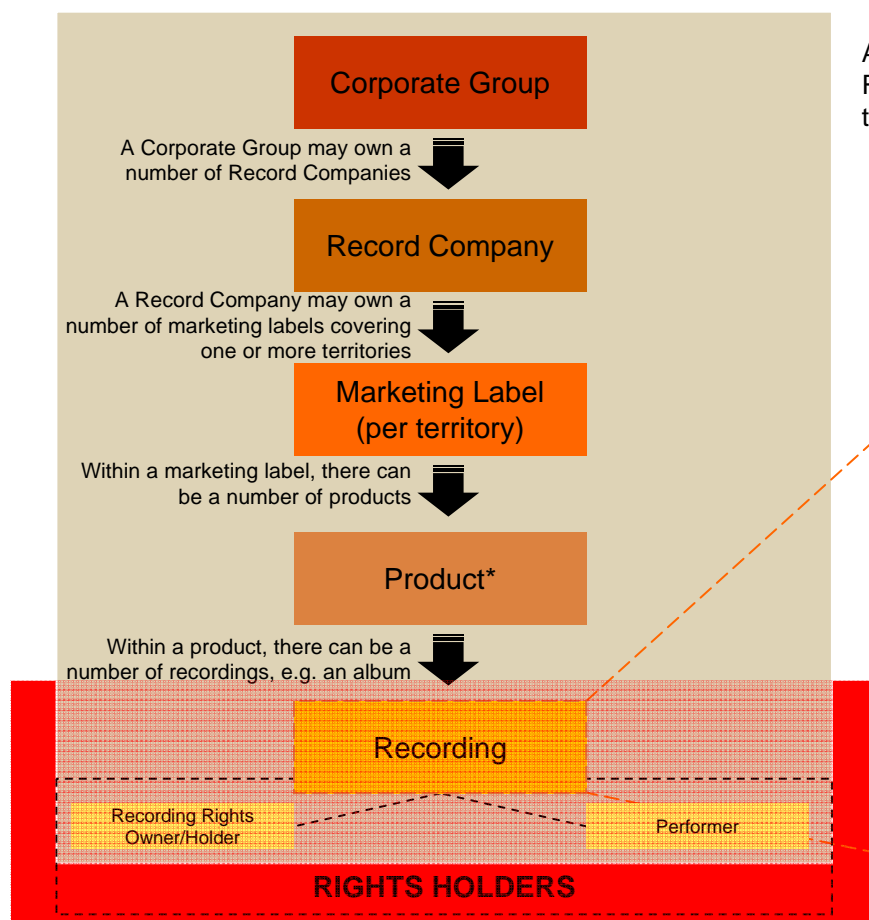
Royalties are calculated and paid to the licensee/s who hold the rights at the time of exploitation.

Rights Structures & Dimensions

Record company organisational hierarchy



The Recording Rights Owners or Holders may exist as entities within a record company organisational hierarchy. It is not uncommon for an entity to sell or license their recordings at any level within this hierarchy.



A Record Company or Marketing Label may be sold by one Corporate Group or Record Company and purchased by another. Thus all rights owned or licensed by the current owner/holder will be transferred to the new Corporate Group.

Recording Level Data Includes:

- Title
- Main Artistic Name
- ISRC
- Content type (audio or video)
- (P) year and name (year in which the sound recording was first released and name of the company that owns the original copyright to the sound recording)
- Country of recording
- Country of commissioning
- Sound recording repertoire owner
- PPL Rights Holder
- Full Performer line-up

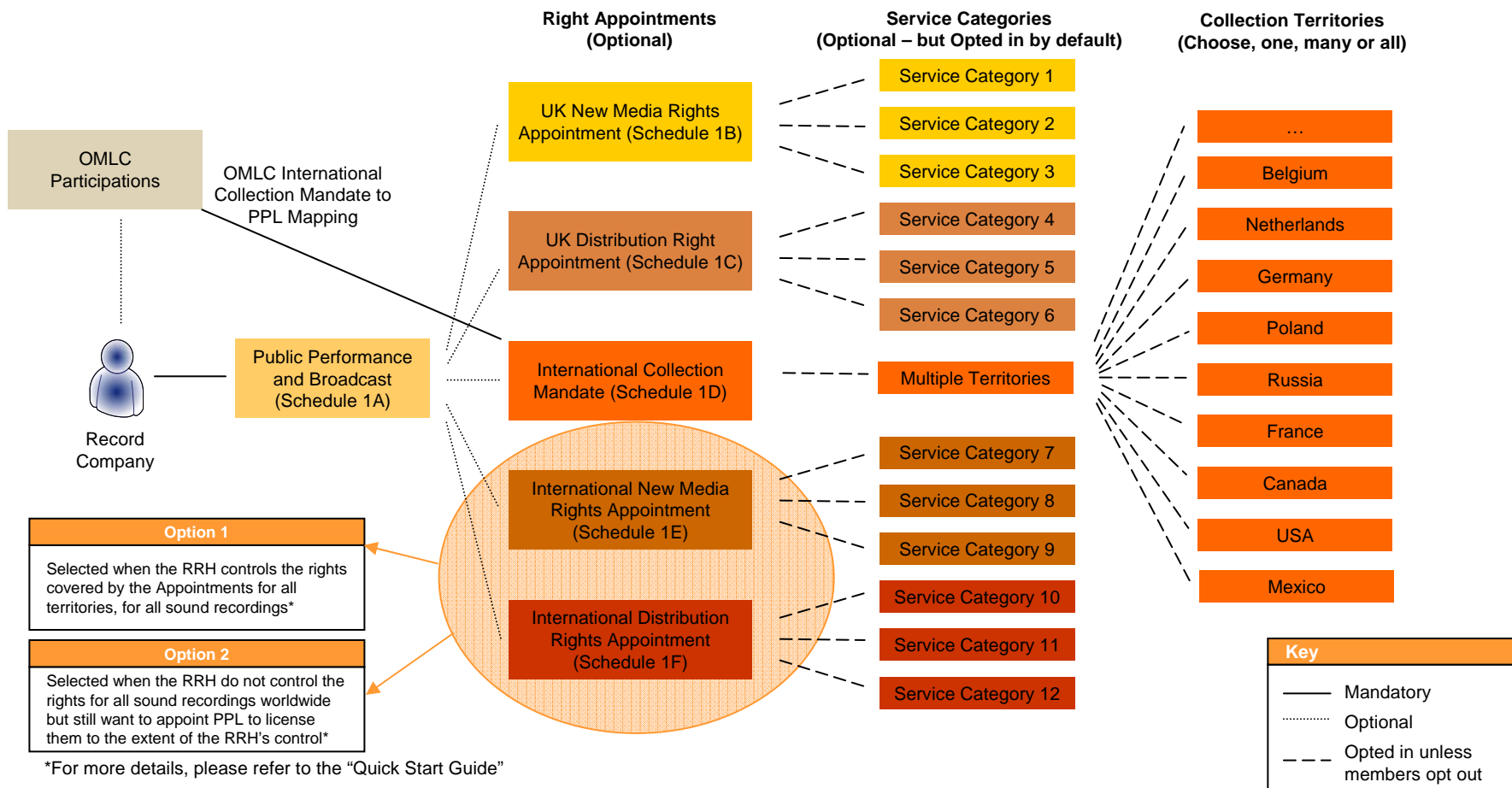
* Recordings may appear on multiple products

Rights Structures & Dimensions

UK Recording rights holder participation hierarchy



There are currently six separate appointments offered by PPL, of which *one* is compulsory and *five* others are optional. Where Record Company members choose to appoint rights from one or more of the optional appointments, they will have the option to opt out of the Service Categories (UK and International) which they contain (Members are automatically opted into all service categories after a grace period, unless they choose to opt out).



Dispute Resolution



- So behind every licence there is an enormous amount of detailed work that takes place
- There is no doubt that the digital age has complicated matters for licensing companies like PPL
- Not only has the digital age increased the options for exploitation it introduces the multi-territory aspect
- Not only does PPL have new Members joining each week but we already receive electronically metadata on 6,500 new sound recordings each week from over 1,000 record companies
- With the growing complexity there is the potential at every stage to have a dispute and hence the need for a dispute resolution process

Dispute Resolution



- Common disputes are over
 - Who owns the sound recording?
 - For which period of time was the sound recording owned?
 - Who owns the different sub set of rights in the sound recording?
 - Who owns the sound recording in different countries?
 - Did a particular performer actually perform on a sound recording?
 - Was the performer's performance in the recording studio edited out of the final version?
 - In which country was the performer's performance given?

Dispute Resolution



- In many cases the disputes arise due to poor quality data being supplied to PPL
- PPL then just needs to work through the issues with the relevant parties to resolve matters
- This is not always straight forward due to the volume of disputes but achievable
- It is more difficult where there is no conclusive proof
- We have also found that by simply putting money on hold while a dispute is resolved it does not always force the parties to resolve matters
- So PPL has decided to set up a more active dispute resolution service to offer to its Members

Dispute Resolution



- The new Dispute Resolution Service will be announced in a few weeks time
- All the rules have been agreed
- The legal and industry panel members have now been contracted
- In essence PPL will in appropriate cases offer to fund a dispute resolution service
- There will be a panel of very well known senior barristers that will sit as arbitrators (one for each dispute)
- When a case is sufficiently complicated there is also a panel of well know record industry experts to call upon (two sitting as lay members)
- PPL believes that the overall efficiency is of its service to Members and Licensees will be impacted going forward unless it seeks to more pro-actively manage disputes given the increasing complexities of today's world

Conclusion



Thank you for listening