

Saimaa University of Applied Sciences
Faculty of Business Administration Lappeenranta
Degree Programme Business Administration
Specialization Marketing

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Neighboring Rights Management as a Service Case: Elements Music Oy

Bachelor Thesis 2018

Abstract

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Thesis 2018

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The purpose of the research was to develop a business model for a small independent music publisher, Elements Music. The new area of business the company wanted to move to, is neighboring rights management. First, the royalty collection process of the Finnish collecting society Gramex had to be researched. The aim of the study was clear in the beginning. The subject proved to be hard as the study progressed.

The methods used in the study are qualitative interview, content analysis and benchmarking. Data for the study was collected from literature, the internet and by interviewing. The interviews were carried out over the phone. Some of the literature found on the subject was old, but not problematic, because the basic principles of music copyrights have not changed much over the years. Internet provided good up-to-date information about recent changes in the field.

The result of this thesis is a set of recommendations. The commissioner can find valuable information to guide them further in entering the new area of business, as can other companies in the music industry. The music copyright field proved to be more complicated than expected. Better delimitations would have been in order. A further study is required to make definite decisions.

Keywords: Collective rights management, Gramex, Market research, Neighboring rights, Neighbouring rights, Service productization, Service productisation

Terminology

Phonogram	Sound recording
Track	Sound recording
Rightsholder	A person or organization that owns the legal rights to a sound recording
CMO	Collective Management Organization, usually government-backed institution that collects monies from the users of music and distributes them forward to rights holders
Remuneration	Money paid to the rightsholder by the CMOs
Airplay	Sound recording played on radio or internet radio

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1 Introduction

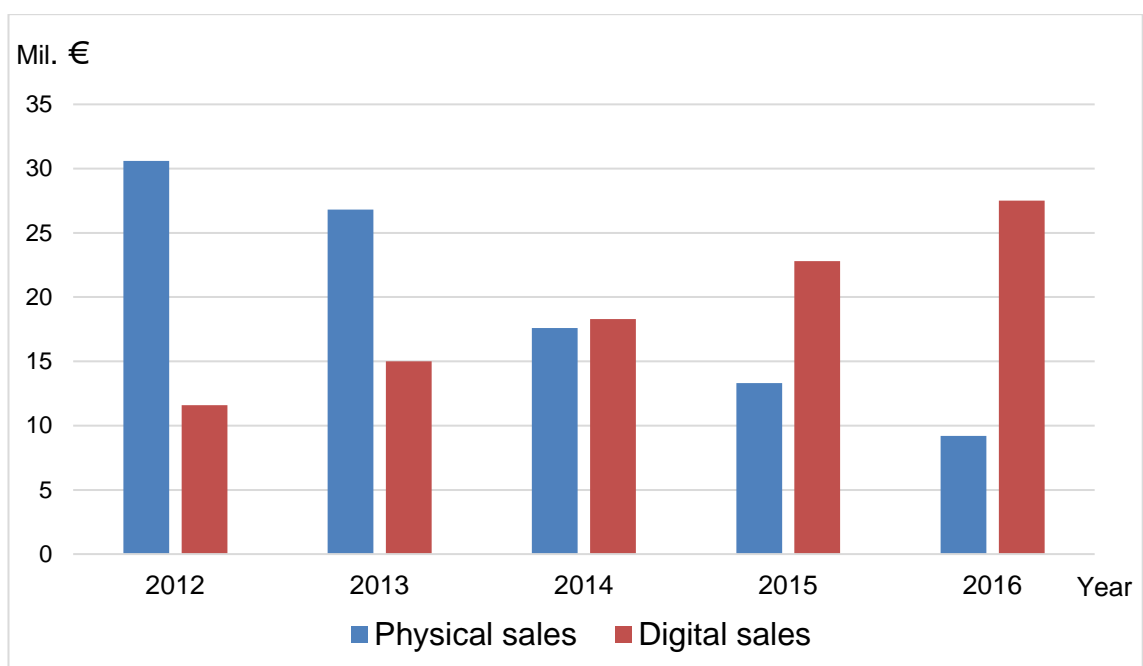
1.1 Topic of the thesis

The topic “Neighboring rights management as a service” is a research ordered by a Finnish music publishing company Elements Music Oy. Neighboring rights are copyrights for performing artists. When a record is played on radio, TV or performed in public (in bars, restaurants and shops) a royalty is due to the owner of the recording and the performing artist. Performing artists include singers, instrumentalists and studio producers, if they play on the track. The difference between musical composition and a sound recording is that a composition can exist on paper, for example as notes, and can be performed by anyone who can read the notes, whereas a sound recording has been recorded by a specific person or a group of people. Therefore, neighboring rights only apply to sound recordings. There is a whole other side of music rights that concerns copyrights for musical compositions, which this thesis will only touch briefly. In Finland, copyright for a musical composition is valid for 70 years from the death of the author, whereas the copyright for a sound recording is valid for 70 years from the date of the production or publishing. These periods vary between countries. (Tekijänoikeus.fi 2018; WIPO 2016, pp. 6, 27.)

Neighboring rights are handled by collecting societies and each country has their own society. In Finland, the respective society is Gramex, in Sweden SAMI, in Germany GVL. The societies refer to each other as sibling societies, have deals with each other and pay remunerations according to these deals. Gramex has deals with 32 different countries. (Gramex 2017.)

This thesis focuses on the international side of neighboring rights income, firstly, what the current situation is and if there are problems with it. Then, the thesis discusses how to fix or find a way around those problems. In 2016 Gramex collected 0.4 million euros from its sibling collecting societies abroad, which is 1.6% from the total collected amount of 24.4 million euros. There are several reasons that might be causing this low amount, which will be dived into in the following chapters. (Gramex 2016.)

The music industry is going through a big change, as physical record sales are dropping as can be seen in Graph 1. In Finland, from 2015 to 2016 physical record sales dropped from 13.3 million to 9.2 million, whereas the digital sales increased from 22.8 million to 27.5 million. In 2014 digital sales surpassed physical sales and have since grown even more. The trend is similar on a global level. Other revenue streams for musicians and companies in the music industry include streaming, live performance and royalties from music rights. The industry is always looking for new ways to make profit, and where neighboring rights are not a new thing, they are still not recognized as an important revenue stream by everyone in the industry. The thesis is important research for the music industry, because a lot of royalties are not being directed correctly to musicians and the process should be improved. Finnish publishing companies will benefit most from this thesis, but international companies can also utilize the information. (IFPI 2017b.)



Graph 1. Record sales in Finland (IFPI 2013; IFPI 2014; IFPI 2015; IFPI 2016; IFPI 2017a)

The structure of the thesis is as follows. In the first part, an introduction into the subject and description of the problem are presented. In the second part the methodology used in the thesis is explained. To build a foundation for the subject, theoretical framework is presented in the next chapter. In the results chapter, the

interviews and competitor product benchmark are depicted from planning and execution to results. In the last chapter, all the findings are summarized and linked to the theoretical framework, then discussed. Lastly, the research questions are answered and future suggestions are given to the case company.

1.2 Objectives and research questions

The objective of the thesis is to create a business model for a Finnish music publishing company to start collecting neighboring rights income from an international market without Gramex. The service will be a part of Elements Music's administration and sync services that they offer to their existing clients. The added value for the customers is possibly more revenue and clearer statistics from abroad. Before the objective can be completed, there should be proof to support the claim that collecting societies are not functioning to their full potential. Therefore, the research question is divided into three parts:

1. Is there business potential for a Finnish music publisher to collect neighboring rights income for performers on an international market without Gramex?
2. If yes, should the publisher use automation or make direct contracts with foreign collecting societies to start managing neighboring rights?
3. How to productize the neighboring rights management?

1.3 Delimitations

Because the music copyright field is large and complicated there should be some limitations for the thesis not to blow out of proportions. Music copyrights and their history are explained only briefly, so the reader can place neighboring rights in the bigger picture. After the general theory about copyrights and neighboring rights the rest of the thesis is written from the Finnish perspective. There are surely big differences in the field between countries. Taxation between countries is excluded altogether. The third item of the research question "How to productize the neighboring rights management?" is not answered in a definite way, but rather, suggestions are given.

2 Case: Elements Music Oy

2.1 Company information

The case company of the thesis is Elements Music Oy. Elements Music is an independent music publishing and management company based in Helsinki Finland, founded in 2005. The company employs three people; CEO Tommi Tuomainen, Head of A&R Eero Tolppanen and Licensing & Copyright Assistant Maria Rantanen. The turnovers for years 2015 and 2016 have both been EUR 296 000, whereas the profit increased from EUR 23 000 to EUR 80 000 thus making the profit margin 26.2%. Elements Music is a growing company with a healthy forecast. (Asiakastieto 2017; Elements Music 2017.)

The clientele consists of roughly 30 artists, writers and producers. The offered services can be divided into two groups; creative and administrative services. The creative services are marketing, bringing in more work opportunities, arranging co-write sessions and songwriting camps, feedback, pitching songs to artists, labels and management, handling the legal and other contractual paperwork, and organizing international collaborations. The administrative services include registering songs with copyright societies, collection of mechanical and sync royalties, royalty reports, pitching songs for TV, films, advertisements, online, and career financing through royalty advances. (Elements Music 2017.)

2.2 Problem description

According to Tommi Tuomainen, the CEO of Elements Music, their clients are releasing music for foreign distribution in growing numbers. To maximize their income, Elements Music must make sure royalties from abroad belonging to their clients are collected efficiently. The company should keep a certain level of expertise, to serve its clients as well as possible. There are also other companies already offering similar service to their clients. (Tuomainen 2018.)

3 Methodology

3.1 Research Methods

The thesis is a qualitative research project and the methods used are qualitative interviews and content analysis. Qualitative interviews were chosen as the method, because the subject in question is music industry knowledge and music consumers in most cases do not know anything about the subject. Content analysis was chosen as another method, because the thesis has parts that need research from specific websites. Content analysis allows extensive data collection from websites and observations from the findings. Qualitative research is a method that emphasizes words rather than numbers in the collection and analysis of data. Qualitative interviews are used to gather data about the process of collecting remunerations from abroad and how people in the industry view the process. Content analysis is used to gather data for the competitor product benchmark. (Bryman & Bell 2007.)

3.2 Qualitative interviews

Qualitative interview is a term used to describe the different types of interviews that are used in qualitative research. The interview is probably the most widely used method in qualitative research, because of its flexibility. The two main types of interviews are unstructured and semi-structured interview. For this study, a semi-structured interview type was used, because the author needed to make an in-depth questionnaire before the interviews, because of the lack of industry knowledge on his part. (Bryman & Bell 2007.)

In a semi-structured interview, the researcher has a list of questions on specified topics referred to as the interview guide. The questions should be open questions, to avoid yes or no answers. The interview does not have to follow the outlines exactly and specifying questions may arise during the interview. However, all the interviews should all follow the same basic structure, and pre-determined questions should be asked in the same manner from each participant. (Bryman & Bell 2007.)

The selected data analysis strategy is grounded theory. Grounded theory can be defined as a theory that creates a theory through systematically gathered data. Its two main features are that it develops theory out of data and the approach is iterative, meaning that the data collection and analysis happen simultaneously and constantly referring to one another. This is important, because there is no clear hypothesis in the study and the interviews' goal is to find out smaller themes rather than trying to solve a single big problem. (Bryman & Bell 2007.)

Coding is an often-used tool in grounded theory, and for the analysis of the semi-structured interviews, selective coding was chosen, because the author wanted that new categories may arise during the interviews. This was important again, because of the author's lack of industry knowledge. Coding is a key process in grounded theory and in it, data are broken down into components which are given names, also known as labels. It begins shortly after the collection of the data. In selective coding, a core category is chosen and other categories are related to that core category. Like in qualitative research in general, coding allows for categories to appear. It is recommended that one codes new data simultaneously while collecting new data. One should also compare the newly collected data to previous data. The analysis of data can change the collection process and modify the structure of the interviews. (Bryman & Bell 2007.)

When coding the data, the following factors should be considered: which category does this item of data belong to? What is this item of data about? What question about a topic does this item of data raise? What sort of questions does this item of data answer to? Coding should be kept in perspective and separated from analyzing. (Bryman & Bell 2007.)

The outcomes of grounded theory are concepts, categories, properties and theory. Concepts are labels given to specific phenomena, also referred to as building blocks of theory. Categories are elevated concepts that represent real-world phenomena. A category may become a core category into which all other categories should be then linked and this is the goal in selective coding. Properties are attributes of a category. Lastly theory is a set of categories that link to each other

and together explain some relevant phenomena. The goal of this qualitative research is to create a substantive theory about whether the collecting society system is functional. (Bryman & Bell 2007.)

3.3 Content analysis

The competitor product benchmark is done using content analysis as a research method. Content analysis is a method often used in communications research that seeks to quantify content from documents in terms of predetermined categories, but can also be used in all kinds of scientific studies. The term 'documents' covers a broad range of different sources including mass media outputs (newspaper articles) and virtual outputs (internet resources), which will be used for the competitor product analysis. With mass media and internet outputs, authenticity can sometimes be an issue, because the authorship of articles is often unclear. Credibility can also be an issue. (Bryman & Bell 2007.) Thus the research only took official information found on the companies' websites during March and April 2018 into consideration.

Ethnographic content analysis is an approach where the role of the investigator is highlighted. It is sometimes also referred to as qualitative content analysis. In ethnographic content analysis, categories and variables guide the study, but new categories are allowed and expected to surface during the study. (Bryman & Bell 2007.) Ethnographic content analysis was chosen for this study as the competitor and computer software benchmarking are made from Elements Music's point of view.

3.4 Benchmarking

Benchmarking is a process of measuring products, services and processes against competitors or companies recognized as industry leaders. In many cases the process is continuous, as there is always something that can be better in your company and its products. In benchmarking one compares different pre-selected targets and tries to map out their strengths, weaknesses and properties. The over-arching goal of benchmarking is to get information to develop one's own business. (Latham & Ford 2012.)

There are many ways and reasons to do benchmarking and depending on the goals, different aspects of the targets may be compared. Benchmarking software can be used for large databases of information. (Latham & Ford 2012.) In this case, it was not needed. As described before in the content analysis chapter, this part of the thesis benchmarked the competitors' neighboring rights collection.

Competitors might sound negative as if they are enemies, but in fact competitors can be the best mentors. Everything one learns from them will help to develop one's own company. Competitor analysis or benchmark can help one evaluate their strengths and weaknesses and therefore position oneself in an area where competitors are lacking knowledge. One can also develop the skills competitors are lacking and differentiate oneself. (Borg 2014, pp. 41-49.)

The basic structure of making a competitor analysis is to first identify your competitors, then analyze their strategies and finally write a conclusion. The minimum number of competitors one should find is two and the more the better. In today's world competitors are easy to find via search engines. Analyzing the strategies can be done in many ways, one usual being a competitor analysis matrix. In the matrix, competitors are on the first row and different aspects of business in the first column. One then writes notes or ticks the options that apply for each company. To make conclusions of the data collected, one must answer key questions, which can be "In what ways do your competitors seem strong?" or "Is there anything you can learn from your competitor's strengths and weaknesses?". (Borg 2014, pp. 41-49.)

4 Theoretical framework

The thesis handles topics in music copyright and marketing. Key concepts of the study are market research, productization of a service and neighboring rights management. The theoretical framework consists of explaining the phenomena and terminology surrounding neighboring rights. First, music copyrights and their history are explained briefly on a general level. The following chapters explain specifically what neighboring rights are, what parties are involved in them and what the situation in Finland is. As this thesis is a case of a music publisher, music

publishing is explained briefly in the following chapter. Lastly, the theory for service productization is examined, which is necessary, because it guides the last part of the thesis.

4.1 Music copyrights

Copyright originates from England where the printing press was invented in 1436. To prevent the publishing of books that were critical towards religion or politics, the Crown passed a law called Licensing act in 1534. It was not until 1842 after many revisions, that the law recognized music as a copyrightable property. At the same time in Europe other countries were facing difficulties, like Belgium writers pirating French literature. As the market for copyrighted works increased, the countries realized there was a need for a unified copyright system. After years of negotiations, the Berne Convention was formed in 1886. Although nowadays the copyright law varies a lot between countries, international treaties such as the Berne Convention guarantee at least a minimum copyright protection to everyone. (Moser 2006, pp. 13-24.)

Copyright is one kind of property ownership for different types of creative works. There are two kinds of properties in the world, real property and personal property. Real property protects large objects like land, houses and buildings, whereas personal property protects personal belongings such as cars, mp3-players or phones. An important subcategory for personal property is intellectual property, in which copyright fall under. (Moser 2006, pp. 1-11.)

Unlike most personal property, intellectual property is intangible, meaning it cannot be possessed although this does not mean it cannot be owned. The main categories of intellectual property are copyrights, patents and trademarks. Some works that can be protected by copyright are songs, sound recordings, movies, television shows, plays, dance routines, books, poems, photographs, paintings, sculpture, computer programs, and websites. Although you can own a CD or a book, it does not mean you own the copyright to the content. Legally one can make copies of the CD for their own use, but it is illegal to give a copy to your friend. With the internet, the process of copying intellectual property and sharing it is a lot easier and very hard to control. (Moser 2006, pp. 1-11.)

Copyright can be further divided into two categories; economic and moral rights. Moral rights make sure that when the work is being used by someone else, the name of the creator must be told and that the work will not be altered in a way that insults the original creator. Moral rights cannot be transferred, but like property, economic copyright can be owned by one or more people, and can be sold or transferred to another party. Main difference between selling tangible goods and copyrights is that the author usually keeps the right to receive income from the uses of the copyrighted work. In many cases, the creator transfers the rights of their work to a music publisher to earn more income. The two most common types of transfers are exclusive and nonexclusive licenses. An exclusive license means that the owner of the copyright transfers one or more of the its exclusive rights to someone, who is then the sole owner of those rights for the duration of the licensing deal. They can sue infringers of the right and transfer the rights to others. Nonexclusive license gives the rights to exercise one or more of the copyright owner's rights, but can be given to many parties. Collecting societies around the world have nonexclusive licenses to songs that are registered with them, whereas most music publishers make exclusive license deals with the musicians. (Moser 2006, pp. 1-11; Kopiraitti 2012.)

It is extremely important to know the identity of the author of the work, for the monies to be sent to the right address. It is unusual that a single individual owns the whole copyright of the song. One reason for this split ownership is that songwriters, producers and performers often collaborate in the creation of songs. Sometimes the ownership of a song might be divided by five members of a band, record label and several different publishing companies. In modern world with different media using the songs, it would be extremely hard to track the income streams without tracking systems and the collecting societies around the world. (Moser 2006, pp. 42-45.)

4.2 Neighboring rights

Neighboring rights, also known as related rights, are a sub-category in copyright and they apply to sound recordings, literate or artistic performances and film. (Finlex 2017.) They are determined in the Finnish copyright law 8.7.1961/404 in the fifth chapter as follows.

Performing artist (607/2015)

(1) Without the performing artist's consent, a performance of a literary or artistic work or folklore shall not: 1) be recorded on a device by means of which the performance can be reproduced; 2) be made available to the public on radio or television or by direct communication (Finlex 2017).

Producer of a sound recording (607/2015)

If the recording is published before 50 years have elapsed from the year of recording, the protection conferred by subsection 1 shall subsist until 70 years have elapsed from the year during which the recording was published for the first time (Finlex 2017).

Copyright ensures that the authors, composers and lyricists of tracks receive income for their works. The reason why neighboring rights exist is for recording artists to also receive income when their works are being played publicly. Neighboring rights enable artists who solely record, but do not write, to receive income for their works in this era of diminishing records sales. (Voogt 2014; WIPO 2016, pp. 6, 27.)

Neighboring rights originate from 1961 when the international convention for the protection of performers, producers of phonograms and broadcasting organizations (Rome convention) was held. Today in the music industry, there is a widespread opinion that the Rome convention is out of date and should be brought up to date to changed digital music consumption. Around Europe and countries that signed the Rome convention, there are government-backed institutions called collecting societies, collective management organizations (CMO), collective rights management organizations (CRM) or performance rights organizations (PRO) that collect monies from the users of music, for example restaurants, and pay them forward to the artists performing in the tracks. A big music consumer, the United States of America, still does not recognize neighboring rights, because of the heavy lobbying from broadcasting companies. That is why there are US companies that offer international neighboring rights collection service. (Voogt 2014; WIPO 2016, pp. 29.)

4.3 Collecting societies

Collecting societies are an effective solution for broadcasters and other music users to license music. It would be basically impossible for individual broadcasters to find out the identity of every composer on a song they wish to license. It

would also be hard to negotiate a fee for the use of the music because of distance, language and culture. The composers and performers also want to ensure control of their music and make sure they are getting paid for it. That would be practically impossible without collecting societies, because nowadays music is worldwide. (Koskinen-Olsson & Lowe 2012, pp. 11-14.)

There are at least two types of collecting societies in the world; the ones that collect royalties, also known as remunerations for the creators of music and the ones that collect remunerations for performing artists. Depending on the country's size there is usually one of each type of society in each country. (Koskinen-Olsson & Lowe 2012, pp. 11-14, 20-21.)

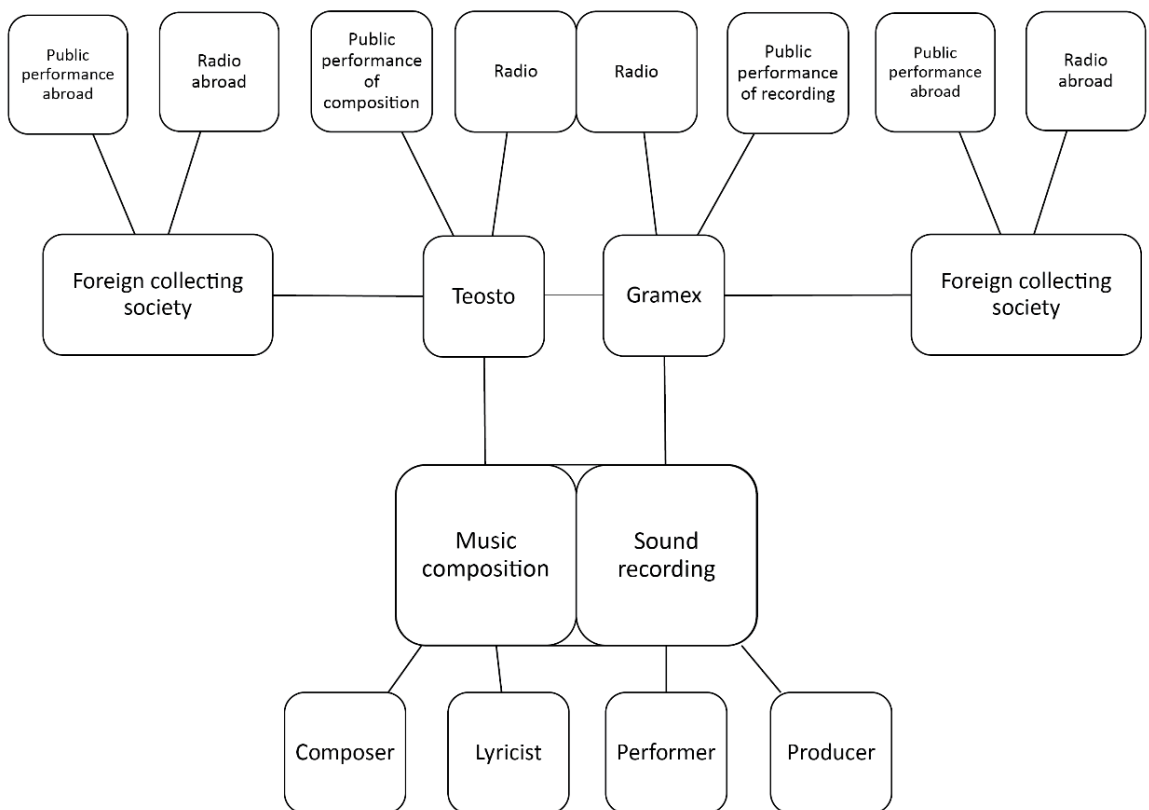


Figure 1. Royalty collecting process in Finland

In Finland, the societies are Gramex for performing artists and Teosto for music creators as can be seen in Figure 1. In Finland the process of licensing music has been made easy with the one door service website musiikkiluvat.fi, which is owned and operated by the two societies. If you want to use background music in public spaces, like the lobby of your company, you need a permit. From the

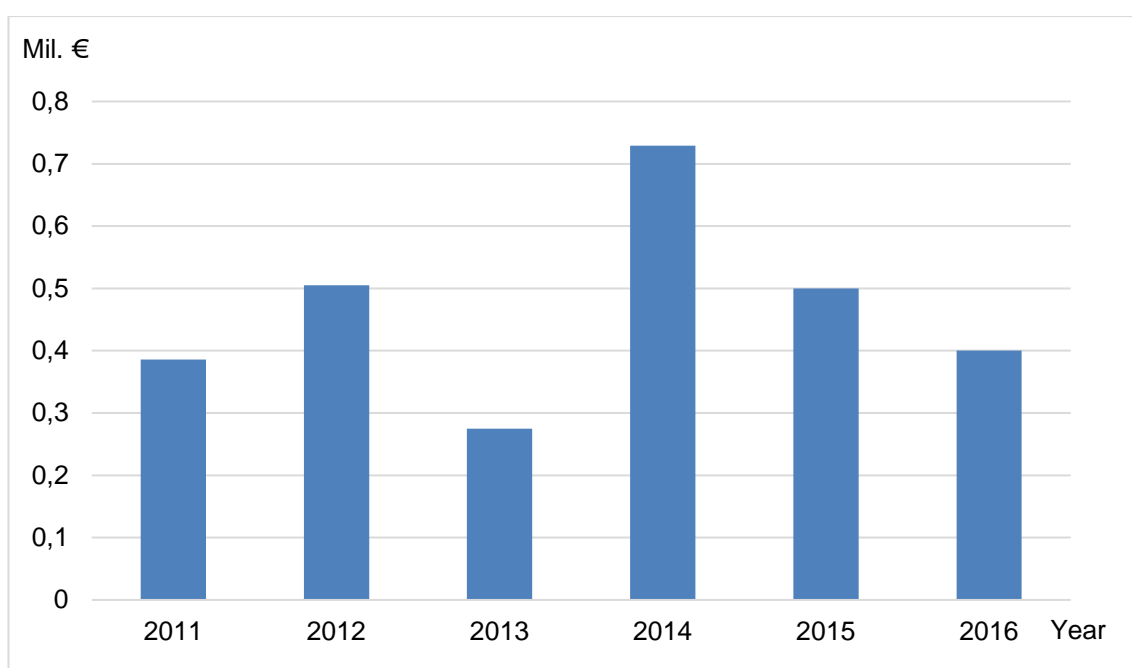
previously mentioned website you can apply for the right permit. Typical customers or organizations that use the service are restaurants, stores, gyms, taxis and hair salons. Other permits that you can buy from the service include permits for radio, television and streaming. The price of the permit depends on the size of the evaluated audience, size of the venue and what kind of music one wants to play. Different music styles in this case include background music, live music, background music during breaks of live show and DJ license. The permits can be bought on yearly, monthly or one-time use basis. (Gramex & Teosto 2017.)

There is also critique towards collecting societies. According to a publication by The Commission of the European Communities in 2004, many major rightsholders seek not to be dependent on collecting societies. When phonograms are watermarked and identified clearly through digitalized systems, collective management is no longer needed as the rightsholders can individually control the licensing and royalty payment process. This is a view of rightsholders with big bargaining power and not necessarily shared by smaller rightsholders. The lack of transparency and administrative fees charged by the collecting societies are criticized by the users of copyrights. Because of their position as strong rights administrators with roots dating back decades, the collecting societies have the upper hand towards users of copyrights. Lastly, a big concern is expressed towards the “B” contracts between collecting societies in different countries. Under “B” contract, no money is transferred and each society collect and distributes royalties used in its own territory only to its own rightsholders. (Commission of the European Communities 2004.)

4.4 Gramex

Gramex is the collecting society for performing artists in Finland. This thesis links closely to the practices of Gramex. Gramex collects remunerations when recorded music or music videos are played publicly. Gramex delivers about 87% of the collected payments to the clients and music promotion activities, and the rest is used for the administration of Gramex. The society does not seek to make profit. The collecting societies, that Gramex has mutual agreements with, are shown in Table 1. Remunerations are collected from abroad and delivered to the artists on a yearly basis at the same time with Finnish remunerations. From some

countries the monies will take longer to arrive, which means in 2018, remunerations from 2015 might be arriving. The process and middlemen of the collection process can be seen in Figure 1. The rate of remunerations collected from abroad has been rising and declining sporadically over the last six years as can be seen in Graph 2. In 2011, the remunerations collected from abroad were 0.386 million euros, in 2012 the sum was 0.505 million euros, 2013 was the lowest of this period with 0.275 million euros, followed by the peak year 2014 with 0.729 million euros, in 2015 the sum was 0.5 million euros whereas in 2016 it was 0.4 million euros. (Gramex 2015, pp. 12; Gramex 2016; Gramex 2018.)



Graph 2. Remunerations collected from abroad (Gramex 2015; Gramex 2016)

Gramex represents about 60 000 Finnish and foreign music rightsholders. Its customers consist of over 30 000 companies and organizations. In 2016 Gramex paid to remunerations altogether 17.8 million euros. Out of this sum, 10.4 went to Finnish music and the rest were given to foreign collecting societies and artists that have direct contracts with Gramex. In practice, a Finnish artist signs a contract with Gramex, allowing Gramex to collect monies both from Finland and other countries where the artist's recordings are played on radio or used publicly. Foreign artists can rely on their own countries' collecting societies to receive the monies from Gramex and pay it to them, or make direct contract with Gramex. (Gramex 2018.)

	Artist societies	Producer societies
Argentina	CADIF	
Austria	LSG	
Belgium	PlayRight	
Canada	ACTRA, ARTISTI, MROC	Re:Sound
Croatia	Huzip (negotiation)	
Czech Republic	Intergram	Integram
Denmark	Gramex	Gramex
Estonia	EEL	EFU
France	Adami, SPEDIDAM (negotiation)	SCPP (negotiation)
Germany	GVL	GVL (negotiation)
Great-Britain	PPL	PPL
Greece		Grammo
Holland	SENA	SENA
Hungary	EJI	
Iceland	SFH	
Ireland	RAAP	
Italy	Nuovo IMAE	SCF
Japan	Geidankyo	
Latvia	LaiPa	LaiPa
Lithuania	AGATA	AGATA (negotiation)
Malaysia	PRISM	
Norway	Gramo, Norwaco	Gramo
Poland	SAWP / STOART	
Portugal	GDA	
Romania	Credidam	
Russia		RPA
Slovakia	Slovgram	
Slovenia	Zavod IPF	
Spain	AIE	Agedi (negotiation)
Sweden	SAMI	IFPI Sverige
Switzerland	Swissperform	
United States	AARC, AFM & SAG -AFTRA, SoundExchange	AARC, SoundExchange

Table 1. Gramex agreements with foreign societies (Gramex 2017)

According to Gramex's annual review 2016, there is a new distribution system, that was deployed in February 2017. The system is called Apollo and it was developed in cooperation with Austrian information software company BICConcepts. The new software makes it easier for Gramex to work with digital publications and comply with new EU legislation. So far, the Austrian collecting society LSG has decided to deploy the system also, and Gramex is negotiating with nearly ten

other copyright organizations. If the new system is used by many collecting societies, it makes it easier for Gramex to track royalties abroad belonging to Finnish rightsholders. (Gramex 2016.)

4.5 How to join German collecting society GVL

In the previous chapter about collecting societies, it was explained what the relationship between foreign collecting societies and Gramex is. Gesellschaft zur Verwertung von Leistungsschutzrechten mbH (GVL) is a sibling collecting society taking care of the German music market and the collection of neighboring rights income. If a song is played on the radio in Germany and there is a Finnish singer on the track, he/she is entitled to a remuneration. The monies are collected from the radio station by GVL that then processes and assigns them correctly, takes their share required to keep the organization afloat and sends the rest to Gramex. GVL distributes remunerations annually with a four-year registration period. For example, an artist has time until the middle of 2018 to register their songs released in 2013, as can be seen in Figure 2. (GVL 2017.)

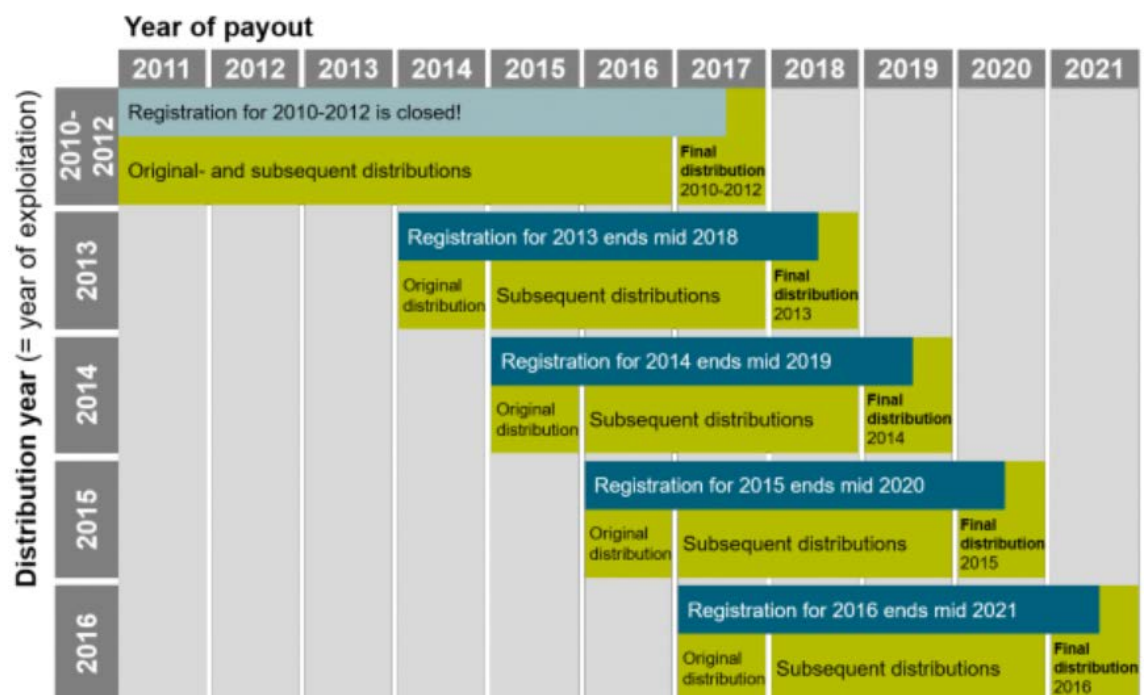


Figure 2. Distribution cycles (GVL 2017)

When an artist wants to register with GVL, there are two ways to do it: online registration with two signed papers to post after, or everything on paper forms.

The online registration starts at <https://www.gvl.de/en/rights-holders/artists/online-rights-administration-agreement>, where one must enter the following information: personal data, addresses, contact details, activity (in music), bank details, tax form and rights assignment (where GVL should collect remunerations). An example of the online registration can be seen in Figure 3. After giving the information, the registrant should print two copies of Wahrnehmungsvertrag (Appendix 1), sign them and send to GVL. The current address for GVL is Gesellschaft zur Verwertung von Leistungsschutzrechten mbH (GVL), Postfach 330361, 14173 Berlin Germany. (GVL 2018.)

1 Personal Data


Personal data


Salutation: * Mr Ms


First name: *


Last name: *

Birth name:

Nationality: * 

Date of Birth: * 

Country of Birth: * 

Name variations / other spellings of the given name: 

First name:

Last name:


Next page 

Figure 3. Screen capture: GVL online registration (GVL 2018)

The second way is to write all the information on forms, sign them and send to the same address as mentioned in the previous paragraph. The needed forms for an artist/performer not residing in Germany are the appendices 1-5. Wahrnehmungsvertrag (Appendix 1) is the contract with personal information and the general terms of the contract. One should send two copies of this form. The second form to sign is “Additional details to the contract with GVL” (Appendix 2), where one can enter an additional address among other things. The third form is “Additional bank account details” (Appendix 3), where one should enter their bank details. The fourth document is “Transfer of your rights to GVL (performer)” (Appendix 4), in which one can decide which areas GVL should administer. In the case of a Finnish artist, one can choose only Germany. Gramex should then also be notified not to administer Germany anymore. The fifth document is “Tax form B” (Appendix 5), in which one enters their tax details. Tax form A is for German residents and tax form B for others. The sixth document to include in the envelope is a copy of ID card or passport. (GVL 2018.)

4.6 Music publishing

An artist can survive in the world of music copyrights alone, but having a music publisher in their team makes work easier. In the previous chapters it was mentioned that the artist has contracts with Gramex and Teosto to collect monies for him. In many cases there is a middleman in the process, the publisher. Music publishers make publishing agreements with artists to push the music to the world and in return take a share of the artist’s income. A publisher will often pay an advance to the author, for an agreement where the author will be tied to the publisher for a period of years or for some albums. Usually, everything the author writes within the term of the publishing agreement will be used exclusively by the publisher. Music publishers exploit the work by licensing it to radio, TV, film or other places. The publishers take their share of the income and the rest goes to the original owner of the copyright, the creator of the work. The income streams can be seen in Figure 4. (Stoppa 2014, pp. 107-111.)

The main duties of a publisher are firstly to negotiate and organize licenses for the author’s works with remunerations as high as possible. Secondly, to authorize the issuing of mechanical licenses via a collecting society to another producer

who wants to work on an existing recording. A publisher should also issue and try to find synchronization licenses where the author's work is synchronized with visual images like TV, as seen in the Figure 4. Fourth area is to find other artists to do covers of the author's work. The publisher should also register the author's works with all the relevant collecting societies. Another element is to administer printed music sales and online digital sheet music and license that to third parties. Also, very important in terms of instant revenue is to collect the income for the author on all territories. If the author is worldwide, then the publisher will usually have sub-publishers in every territory. Lastly, one should pay and account to the author every six months. (Stoppa 2014, pp. 107-111.)

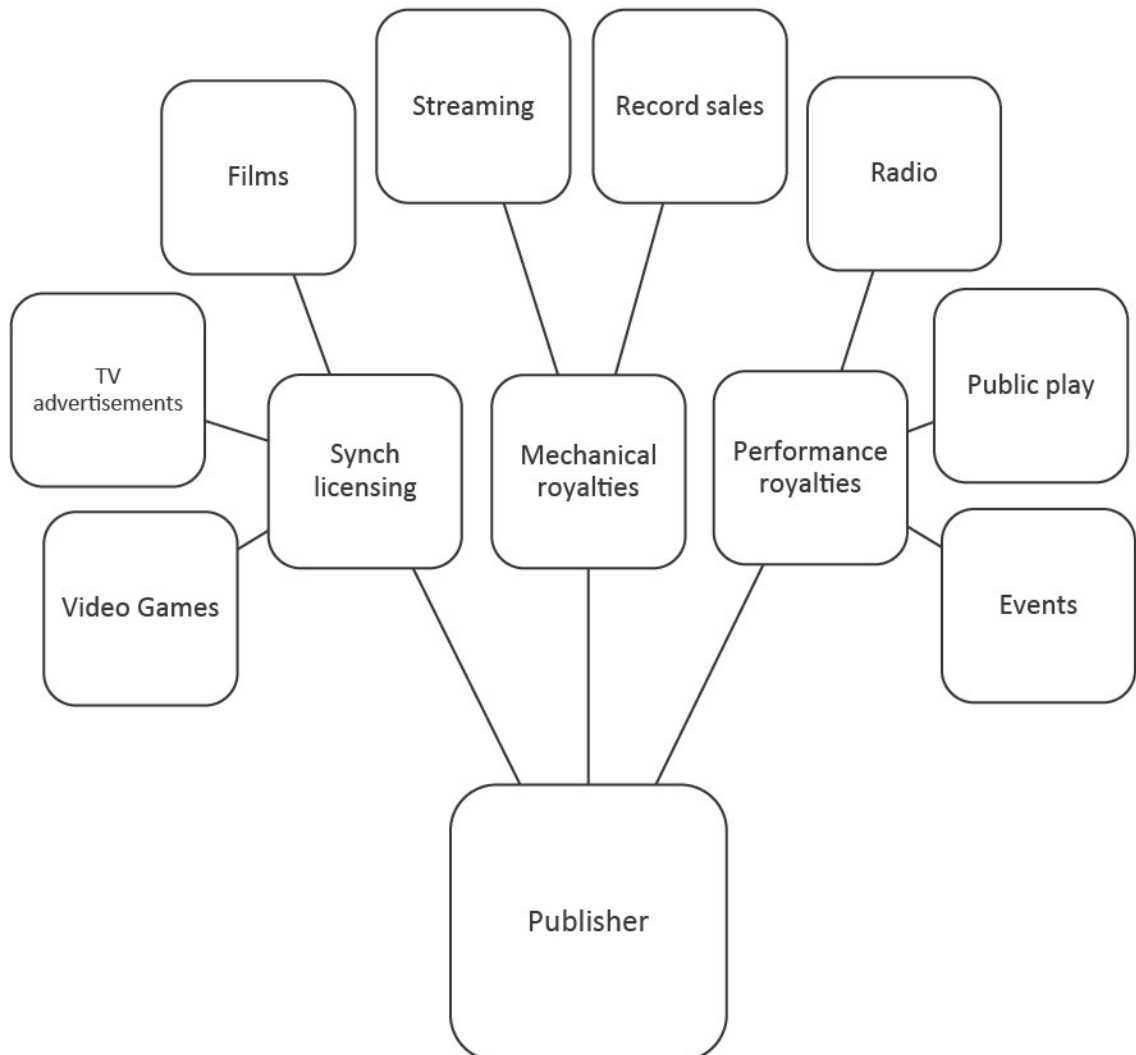


Figure 4. Revenue stream in music publishing

As can be seen in the Figure 4, there are many income streams for publishers. Many small streams from different authors combined can be a notable amount. In Figure 4 can be seen that the streams have been divided into 3 main categories; synch licensing, mechanical royalties and performance royalties. (Stopps 2014, pp. 107-121.)

Synch licensing is the use of music in film, television advertising and video games. This audiovisual use of music is becoming more and more important to musicians and publishers as income from record sales has gone down drastically. If one can get their song synch licensed even for a minimal fee, it can be worth it as the song will get a lot of exposure and reach people that would otherwise be hard to reach. Music in films is the oldest form of synch licensing and has been done as early as 1920. Sometimes there is an author that composes the entire score for the film, but increasingly existing recordings are licensed because of their recognizable tunes. Music in video games on the other hand has not been around for long, but is becoming increasingly important. Some people in the music industry even call music in video games the new radio. (Stopps 2014, pp. 112-121.)

Performance royalties are really close to this thesis and are handled under the titles Neighboring rights and Gramex. The second category, mechanical royalties, is not discussed. The thesis subject has delimitations to that side of music publishing.

4.7 Service Productization

Service productization is the process of unifying a service and its value in a way that one can put a price tag on them. Productization can be divided into two levels:

1. External productization is unifying the services visible to the end customer. In it, you create a vision of the service elements that is then communicated in the service description and sales material.
2. Internal productization is depicting and unifying the production. Depicting the service process, work culture and responsibilities is the basic task. A customer's viewpoint should also be considered to see how the customer

sees the service process and which parts of it interact with the customer. (Järvi & Lehtonen & Martinsuo & Tuominen & Valtanen 2015.)

The main things that should improve after the productization process are that the service becomes more stable in terms of quality and easy to reproduce. The internal information process and co-working can also become more efficient. Marketing and sales should become easier with the new clear service descriptions. Recognizing dependencies and synergies will be easier, along with the further development of the service. (Järvi et al. 2015.)

There are three types how to productize a service: the classical (phased), agile and iterative. The phased type progresses with clear direction from one stage to another. The agile type can be used when one wants to bring a new service to the market as quickly as possible. Here one should first focus on the external depiction of the service and only after perfect the internal processes. In this type one might already start selling during the productization process. The iterative type also progresses from phase to another, but in an order, that has been thought to be the most logical. (Järvi et al. 2015.)

Before productizing a service, it is important to understand which problem the customer wants to solve, why anyone would use the service and what the successful outcome of offering the service is. The next phase is to make a clear goal for the productization followed by mapping the current situation. In this phase one collects and analyzes data that acts as material for future phases. The next phase is to think who in the organization takes part in the process, who has the most to give for the process. Different possible groups are executive personnel, managers, other personnel and customers. Asking the opinions of the customers can be time-consuming and costly, but in the case when it is not certain that the service is needed, it is a necessary step. (Järvi et al. 2015.)

Once the consensus about what to offer and how, has been reached, the final product should be reviewed. Factors to consider are existing experiences about similar services and what the future looks like. The goal of this phase is to find further development needs and to find out if the productized model works in practice. A quick review is ideal, as it helps to figure out quickly if the model works or

not. (Järvi et al. 2015.) In the context of this thesis, a complete productization plan is not given, but rather a framework how Elements Music can productize their service.

5 Results

5.1 Interviews

The goal of this qualitative research project was to create a substantive theory about whether the collecting society system is functional in Finland for Finnish artists that have royalties from abroad. There were four interviews, all of them semi-structured. The people chosen for the interviews come from different areas of music business. The first interviewee was Tommi Tuomainen, the CEO of Elements Music, with a long career in music publishing. The second interviewee was Juhani Ala-Hannula who knows the legal side of neighboring rights as he is the Head of Legal Affairs at Gramex. The third interviewee was a client of Elements Music, a songwriter Axel Ehnström, who has been creating music professionally as a composer, singer, instrumentalist and producer since 2012. He has written songs mostly in English and has some productions abroad. The fourth interviewee was a long-time professional producer/rapper Mikko Tamminen who is also a client of Elements Music and has produced foreign tracks. Axel Ehnström and Mikko Tamminen are directly influenced by neighboring rights and Gramex, because they are rightsholders. Such a variety of people was chosen to get different points of view on the matter.

The interviews were conducted via phone and the phone calls were simultaneously recorded using an app on a smartphone. The interviewer had the interview questions (Appendix 6) on a paper in front of him. The recorded phone calls were then transcribed into digital text using a text editor. The transcriptions served as the data for analysis. The data was used to find out matters described above and to clear aspects that are silent knowledge in the music industry.

Selective coding was used to analyze the interview answers. The labels that were given to answer items were “Collective management generally” “Gramex’s Finn-

ish activities” and “Gramex’s foreign activities”. These were also the answer categories. Each item was then marked with different colors to make the analysis easier, which is typical in the coding process. For the general category, color green was used, for the category “Gramex’s Finnish activities”, blue was used and for foreign activities, yellow marking color was used.

Findings

As can be seen from the interview questions (Appendix 6), the questions focus strongly on the foreign activities, which can also be seen in the answers. The category “Gramex’s foreign activities” was discussed the most, the second most the interviewees talked about collective management in general the third most about Gramex’s Finnish activities and least about other topics. In some interviews the questions about Gramex’s foreign activities raised emotional responses. The interviewees had more to say than I expected.

The first category “Collective management generally” has a wide range of answers and opinions. It seems that not everyone has the same view on how collecting societies work and who should announce new songs to collecting societies. In some cases, the interviewees said it is the label that should notify the society about a new song whereas in some cases they said it is the publisher who is responsible. This can be blamed on confusing similar terminology of the music industry; a producer can be the artistic producer or the one who finances the recording. Another unclear object of the copyright world is the entering of codes into the system, because it can be hard to retrieve all the necessary data from all the people who took part in the making of the recording. In some interviews, however, it was brought up that collective management is progressing in the right direction even though it has its flaws now. From the interviews, it can be concluded that people think collective management could be done in a more customer friendly way.

Gramex’s Finnish activities were also discussed with every participant, and I can conclude that everyone is satisfied with the way Gramex handles neighboring rights in Finland. The attendees were eager to tell about the online platform where one can see details who has played their music and where. It was told that Finnish

radios report to Gramex everything they have played, with the accuracy of one second. According to the interviews, Gramex is easy to reach and willing to provide information and guidance, at least for the matters in Finland.

Most of the attendants were displeased with Gramex's foreign activities. The general feeling was that people were missing royalties from abroad. No one could see substantial sums in the online portal, even though they had been performing on foreign tracks or been the artistic producer of such recordings. The interviewees recalled that Gramex had given good and reasonable guidance on how to register the songs that were published abroad. However, the outcome when one is supposed to receive royalties, after usually maximum four years, was in most cases unsatisfactory. The list of reasons for the missing royalties told by the interviewees is long. Some say it might be the bad communication between collecting societies, others say it is the low quality or missing data that foreign collecting societies get from radio channels, and one interviewee recalled Gramex commenting that their systems were not properly functioning, when asked about the missing royalties from abroad. With these reasons there was also some compassion for Gramex; an interviewee wondered that maybe Gramex was taken by surprise for the rising number of Finnish artists with releases abroad. One interviewee discussed how there is no longer trust for Gramex to collect the foreign royalties, and he went on to question whether the organization can protect the rights of Finnish musicians on the global market. He also gave constructive feedback that Gramex could have a specialist focusing only on foreign matters and communication with the sibling collecting societies.

5.2 Competitor product benchmark

Benchmarking is a way to learn from competitors that have already started managing neighboring rights. The goal for this benchmark was to get a quick insight into how the industry leaders and other competitors handle their clients' neighboring rights, and what kind of software they use.

The companies chosen for this benchmark range from global leaders to startups. The samples represent a good variety of music companies, which is also the reason these companies were chosen. To find the competitors, different keywords

were used to conduct searches on the Google search engine. The keywords were: “music rights management”, “neighboring rights management” and “music publisher”. Tommi Tuomainen, the CEO of Elements Music, also provided insight into the competitor field. The companies are:

- Kobalt Music, a global music publishing giant. www.kobaltmusic.com.
- Cloud 9 Music, independent Dutch music publisher like Elements Music. www.cloud9music.nl.
- Global Master Rights, Dutch technology company. www.globalmasterrights.com.
- Rights'Up, French/German startup offering collection services. home.rightsup.com.

Table 2 was constructed by acquiring information from the companies' websites. The table features the competitors in the first row and the product properties in the first columns. To acquire the data needed for the benchmark, content analysis was done. Internet resources used for the analysis were the official company websites listed in the previous paragraph and their sub-pages. All the web pages were accessed on 29 March 2018.

Findings

As seen in Table 2, all the companies offer worldwide collection service in the now and retroactively, meaning they will look for royalties that have not been paid yet. This is expected of them, as it is the base of their business model. All companies also offer full statements of paid royalties and Kobalt Music even does it in real time. In the case of missing properties, it might be that the companies offer them, but do not mention them in the marketing material. All companies except Cloud 9 Music have developed their own neighboring rights collection software, but in fact Global Master Rights lists Cloud 9 Music as their client. Thus, it might be that Cloud 9 Music is trusting their neighboring rights collection into the hands of Global Master Rights. Everyone except Cloud 9 Music has an online client portal, but because of the client relationship between Cloud 9 and Global Master

Rights, it can be estimated that Cloud 9 also offers the service. Out of these companies, only Kobalt Music offers mobile app and real-time statistics. This can be true, as Kobalt has the most resources of the four.

	Kobalt Music	Cloud 9 Music	Global Master Rights	Rights'Up
Customers	Signed artists	Signed artists	Companies & artists	Companies & artists
Worldwide collection	X	X	X	X
Retroactive collections	X	X	X	X
Full statements	X	X	X	X
Download statements	X		X	X
Self-developed software	X		X	X
Customer service	X	X	X	
Online client portal	X		X	X
Mobile app for clients	X			
Real-time statistics	X			

Table 2. Competitor product benchmark

To conclude the analysis, one should look at the results from the perspective of Elements Music. Even though the companies are not direct competitors of Elements Music, because they operate globally or in other countries than Finland, there is something Elements Music can learn from their products. As seen in Table 2, it seems that the software of the competitors is advanced and has many properties and benefits for their clients. To answer the question “In what ways do your competitors seem strong?”, it can be said that the key offerings, of most of the analyzed companies, are worldwide collection in the present and retroactively, and an online client portal where one can see and download full statements. The extra offerings, like having a mobile app and handling everything in real time, probably cost a large amount of money and is not necessary for a small-medium sized music publisher. Three out of four have also developed their own

software, but it must be considered that two of them are also offering the service to other companies.

6 Summary and discussion

The thesis researched if there is a need to collect neighboring rights income more efficiently on an international market and how that can be achieved. The case company was an independent Finnish music publisher Elements Music Oy. The CEO of the company, Tommi Tuomainen, has had the idea to start helping their clients with the collection of foreign neighboring rights income for some time now. From the company's perspective the need for something new was clear. For this study there had to, however, be a justification and research if a new service is truly needed. Hence, the first part of the research question was "Is there business potential for a Finnish music publisher to collect neighboring rights income for performers on an international market without Gramex?"

To answer the first question, the matter was approached from different perspectives. What are the statistics telling about the collection process of Gramex, how is it now and are there any signs of change? What have parties involved with Gramex experienced and how do they see the future?

Gramex has collected remunerations from abroad for a long time, but why have the collected sums fluctuated in such a drastic way as can be seen in Graph 2. From 2014 to 2016 the amount almost halved. This might be caused by performing artists leaving Gramex and signing collection contracts directly with foreign collecting societies or publishers who handle the paperwork for them. Another possible reason for this drop might be fewer Finnish musicians producing or performing on tracks published abroad, or the music not being so successful. One more point to be made is the fact that most remunerations to Gramex from abroad come from Sweden, where music consumers have been shifting from radio to streaming services for many years now. There are still many European countries where radio is going strong, which begs the question, is the collection process in those countries efficient enough. According to Gramex's 2016 annual review, they have deployed new software that should strengthen the collection process and hopefully bring more royalties to Finland. But if other countries are not using

the same new software, it means their collection processes are still lacking. Gramex announced that it is negotiating with nearly ten other copyright organizations to shift into the new system. Even if they decide to implement the new system, it will take years, which in turn might mean years of similar small remuneration sums from abroad. Based on the numbers it cannot be concluded whether the problems are at Gramex's end or the foreign collecting societies'.

Four interviews with different people in the music industry were conducted. The goal of the interviews was to create a substantive theory about whether the collecting society system is functional in Finland for Finnish artists that have royalties from abroad. These interviews gave insight into the Finnish neighboring rights world, but are not enough to form a substantive theory on an academic level, because of the low number of interviews. There were, however, many similarities in the answers. The consensus of the interviews is clear; people feel they are not receiving all the income from abroad that belongs to them and something should be done about it.

A big problem is that Finnish musicians cannot get to the root of their music's foreign airplay, because the statements found in Gramex's system only show a lump sum and the collecting society where it came from. For example, 700 euros from GVL Germany, period 1.1.2015-31.12.2015. Whereas for the music played in Finnish radio, they can see exactly who played what and when. The author does not have access to a foreign collecting society's client portal, but it can be speculated that, there one would see almost as good information as in the Gramex portal. It is the transfer of data between countries that makes the process hard.

Based on the statistics showing low collected remunerations from abroad and the interviews, the first research question can be answered positively. There is business potential for a Finnish music publisher to collect neighboring rights income for performers on an international market without Gramex. It may or may not bring a lot more revenue, but at the time of writing this thesis it seems like there are some missed opportunities.

Future suggestions

Now that it has been established that there are monetary opportunities in collecting neighboring rights income, the second part of the research question “should the publisher use automation or make direct contracts with foreign collecting societies to start managing neighboring rights?” is relevant. To answer the second question, a competitor product benchmark was conducted to see how other publishers or companies are handling the service. The analysis went as planned and the competitors’ key offerings along with other features of their services could be mapped out. Most of the companies use software that has been developed or modified to suit their exact needs. This is probably very costly and it cannot be recommended for Elements Music, at least for now that there are no exact calculations how much revenue the new service would provide.

Initially, the plan was to also investigate and compare different computer software for managing neighboring rights. This would have been done in similar way as the competitor product benchmark. After a long search using a search engine, specified software for this purpose could not be found. All the found software were made for the needs of big publishing houses with hundreds of artists. Most of the found software were also 360-solutions, meaning they could handle everything a publisher needs, and it is estimated that Elements Music already has such software, because there is a previous thesis from 2015 about acquiring a royalty managing software. Some promising programs were found, which are probably too big for a small independent music publisher. The programs are Alliant by Real Software Systems, Music Maestro by Vistex and Simply Royalties by Simplified Systems. All these programs mention rights reporting or registration of works, but also list long pages of other features.

There are three ways a music publisher can start managing neighboring rights. The first option is to register musicians and their tracks directly with foreign collecting societies. This can be time consuming, but is nowadays possible because the societies’ websites are in also in English. The instructions how to join the German collecting society GVL can be found in the chapter 4.5. The second option is to buy or create a program that can handle big amounts of data and make managing neighboring rights easy. These two options were the only ones thought

at the beginning of this thesis. After research it was discovered that there is a third way. One of the companies compared in the benchmark was listed as a customer of Global Master Rights. Global Master Rights offers neighboring rights collection services to musicians and companies. By making a contract with them, Elements Music can start managing neighboring rights efficiently. Other companies that offer such a service include Rights'Up and Songtrust. Unfortunately, the time frame of the thesis did not allow to find out the prices for the services offered by these companies.

Elements Music's clients write songs to foreign artists in growing numbers, but does it make sense to acquire a global system for managing neighboring rights, if the current income comes from a few countries only? The most logical way for Elements Music to proceed is to first test the revenue potential. The company could register a few of its clients directly to the German collecting society GVL or the Swedish SAMI, because this does not cost anything. This way, in the coming years, the musicians would receive remunerations and details on what the income consists of. Based on that trial, Elements Music could then make calculations whether it is reasonable to invest in the new service. The second part of the research question cannot be answered in a definite way. For some music publishers it is sensible to invest in a program or make a deal with a third party that handles the collection worldwide. For uncertain cases, the safest option is to test the revenue potential first by registering to foreign collecting societies manually.

If the case company decides to move forward and productize neighboring rights management into a new service for its existing clients, how should it proceed? The main issues that should improve after the productization process are that the service becomes stable in terms of quality and it should be easy to reproduce. Since it has been established that there is a need for the service the first step is to think what a successful outcome of the service would be. In this case, the answer would be that the customer, the rightsholder, receives more income from abroad. The current situation at Elements Music is that they offer creative services and administrative services. This new service would probably be integrated into the administrative services, which makes the adoption easier as the new ser-

vice already has a place in the company; no big changes are needed to implement the service. Next, the company should think who starts working on the new service, who has the most to give for the service and can handle the extra workload. The price for the service should be discussed with clients. It can be estimated that the industry norm for such services is around 5-20% of the received income. Since this service is made for existing clients, it should not cost anything upfront. Once the service is being done for the first time, the whole process should be recorded carefully, so it can be reproduced easily the following times. Lastly, it should be remembered, that productization is an ongoing process. Every now and then, one should evaluate the service, so it can be developed further.

This thesis was a long process and it could have been delimited better, as now the research, for some parts, was shallow. Coming from a background of not knowing much about music publishing, it took a lot of time for the author to first understand the basics of music copyrights. Hopefully Elements Music and other Finnish or foreign independent music publishers can get some useful information from this thesis or that the study can guide them in the world of neighboring rights. Above all, if technology simplified the whole collection process even more, the collecting societies around the world could function and communicate better with each other.

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Ehnström, Axel 2018. Songwriter. Phone interview on 29 March 2018.

Tamminen, Mikko 2018. Producer/rapper. Phone interview on 6 April 2018.

Appendices

Appendix 1. Wahrnehmungsvertrag für ausübende Künstlerinnen und Künstler

	Gesellschaft zur Verwertung von Leistungschutzrechten
Wahrnehmungsvertrag für ausübende Künstlerinnen und Künstler	
Vertragsnummer: _____ (von der GVL auszufüllen)	

Zwischen

Vorname: _____

Nachname: _____

Geburtsname: _____

Staatsangehörigkeit: _____

Geburtsdatum: _____

Geburtsland: _____

Amtliche Meldeadresse

Straße: _____

PLZ / Ort: _____

Land: _____

– nachstehend „Berechtigter“ genannt –
(* „Berechtigte“ im Sinne dieses Vertrages sind gleichermaßen männliche und weibliche Berechtigte)

und der

Gesellschaft zur Verwertung von Leistungsschutzrechten mbH (GVL)
Podbielskiallee 64, 14195 Berlin
Postfach 33 03 61, 14173 Berlin

– nachstehend „GVL“ genannt –

wird folgender Wahrnehmungsvertrag geschlossen:

§ 1 Rechteübertragungen

(1) Der Berechtigte räumt der GVL zur Wahrnehmung im eigenen Namen gegenüber Dritten folgende ihm gegenwärtig zustehenden und während der Vertragsdauer zufallenden Rechte ein:

1. die gesetzlichen Ansprüche auf angemessene Vergütung für

- a) die Hörfunk- und Fernsehsendung von Darbietungen auf erschienenen Tonträgern und Bildtonträgern (§ 78 II Nr. 1 UrhG). Hierzu gehört auch die Übertragung im Wege des IP-TV und unter Verwendung neuer Übertragungsstandards zum mobilen Empfang oder in mobilen Netzdiensten und in Form des Simulcastings oder Webcastings über das Internet oder mobile Netzdienste;
- b) die Kabelweitersendung seiner Darbietungen (§ 78 II UrhG);
- c) die öffentliche Wahrnehmbarmachung von Darbietungen (§ 78 II Nr. 2 und 3 UrhG);
- d) die unmittelbare oder mittelbare Aufnahme oder Vervielfältigung einer Darbietung zum privaten und sonstigen eigenen Gebrauch (§ 54 I UrhG);
- e) die Vervielfältigung von Darbietungen, die innerhalb von herkömmlichen Schulfunk-sendungen gesendet bzw. nach § 1 Nr. 2 – 4 übertragen werden, sofern die hergestellten Aufnahmen nicht am Ende des folgenden Schuljahres gelöscht werden (§ 47 II UrhG);
- f) die Aufnahme, Vervielfältigung, Verbreitung und öffentliche Zugänglichmachung einer Darbietung in einer Sammlung für den Kirchen-, Schul- oder Unterrichtsgebrauch durch Schüler oder Lehrer (§ 46 IV UrhG);
- g) die Vermietung und den Verleih von Aufnahmen mit Darbietungen (§ 27 UrhG);
- h) die nicht Erwerbszwecken dienende Vervielfältigung von Aufnahmen mit Darbietungen für und deren Verbreitung an behinderte Menschen, soweit dies zur Ermöglichung des Zugangs zur sinnlichen Wahrnehmung der Aufnahmen erforderlich ist (§ 45 a II UrhG);
- i) die öffentliche, nichtgewerbliche Wiedergabe seiner Darbietung auf einem veröffentlichten Bild- oder Tonträger (§ 52 UrhG);
- j) die öffentliche Zugänglichmachung von Darbietungen für Unterricht und Forschung (§ 52 a IV UrhG);
- k) die öffentliche, nicht-gewerbliche Wiedergabe seiner Darbietung an elektronischen Leseplätzen (§ 52 b UrhG);
- l) die Vervielfältigung, den Vertrieb und die Zugänglichmachung eines Tonträgers im Anschluss an das 50. Jahr nach Erscheinen oder dessen erster erlaubter Benutzung zur öffentlichen Wiedergabe (§ 79a I, II UrhG);
- m) sowie alle Vergütungs- und Beteiligungsansprüche, die gesetzlich nur durch eine Verwertungsgesellschaft wahrgenommen werden können;

2. folgende Ausschließlichkeitsrechte:

- a) das Recht, die Darbietung
 - aa) auf Bild- oder Tonträger aufzunehmen und zu vervielfältigen (§ 77 I, II UrhG) soweit dies dem Zweck einer nach § 1 I Nr. 1 lit. a) und c) lizenzierten Nutzung dient;

bb) öffentlich zugänglich zu machen (§ 78 I Nr.1 UrhG), soweit dies dem Zweck einer nach § 1 I Nr. 1 lit. a) und c) lizenzierten Nutzung dient;

b) das Recht, die Darbietung auf erschienenen Tonträgern oder Bildtonträgern zusammen mit zuvor gesendeten Programmen der Hörfunk- und Fernsehsender auf physischen Speichermedien gleich welcher Art (§ 77 II UrhG) zu vervielfältigen und zu verbreiten;

c) das Recht, die Darbietung auf erschienenen Tonträgern oder Bildtonträgern zusammen mit gesendeten Programmen gem. § 1 I Nr. 1 a) in Form des Podcastings zugänglich zu machen (§ 78 I Nr. 1 UrhG).

d) Für die Nutzungen nach lit. b) und c) gelten folgende Bestimmungen:

- Für Fernsehsendungen gilt dies für Einzel- und Serienfilme, die von dem Fernsehsender selbst oder in dessen Auftrag zu eigenen Sendezwecken hergestellt wurden, in denen Tonträger lediglich zur dramaturgischen Unterstützung verwendet werden (mit Ausnahme von Musikfilmen).

Für Hörfunksendungen gilt dies für Sendungen, die von dem Hörfunksender selbst oder in dessen Auftrag zu eigenen Sendezwecken hergestellt wurden, in denen Tonträger lediglich zur dramaturgischen Unterstützung verwendet werden (mit Ausnahme von Hörspielen mit musikbezogenem Hauptthema).

3. die Befugnis, Ansprüche auf Unterlassung, Vernichtung und Schadensersatz bei Verletzung der gemäß Nr. 1 bis 2 übertragenen Rechte gerichtlich und außergerichtlich geltend zu machen;
4. die Urheberrechte an Bildtonträgern für Nutzungen nach I und II z.B. als Videoclipregisseur;
5. den Anspruch des ausübenden Künstlers auf Auskunft über die erzielten Einnahmen und sonstige, zur Bezifferung des Vergütungsanspruchs gem. § 1 I Nr. 1 lit. I erforderliche Informationen (§ 79a IV UrhG).

(2) Die GVL übt die ihr eingeräumten Rechte in eigenem Namen aus. Sie ist berechtigt, die ihr eingeräumten Rechte ganz oder teilweise an Dritte weiter zu übertragen, die Gegenleistung in Empfang zu nehmen und aufgrund der ihr übertragenen Vergütungsansprüche zu kassieren.

(3) Die Übertragung der Rechte gemäß § 1 umfasst nicht die Erlaubnis zur Verwendung zu Werbezwecken.

§ 2 Definitionen

- (1) Bildtonträger im Sinne dieses Vertrages sind Videoclips, die auf einen Tonträger aufgenommene Musikdarbietungen oder Auszüge daraus enthalten, und die keine längere Spieldauer als 10 Minuten haben.
- (2) IP-TV ist die Übertragung in breitbandigen Multimediadiensten auf Basis des Internet-Protokolls (IP). IP-TV im Sinne dieses Vertrages ist ausschließlich die nicht-interaktive Übertragung solcher Dienste in IP-basierten elektronischen Netzwerken außerhalb des Internets (World Wide Web).
- (3) Neue Übertragungsstandards zum mobilen Empfang im Sinne dieses Vertrages sind solche, die die nicht-interaktive Übertragung von Programmsignalen via Satellit oder terrestrisch auf mobile Endgeräte ermöglichen (z.B. DVB-H).

- (4) Mobile Netzdienste im Sinne dieses Vertrages sind die für die öffentliche Mobiltelefonie genutzten Übertragungswege (z.B. über UMTS), soweit sie ausschließlich zur nicht-interaktiven Übertragung von Programmsignalen genutzt werden.
- (5) Simulcasting im Sinne dieses Vertrages ist die nicht-interaktive, zeitgleiche, unveränderte und nicht zur dauerhaften Speicherung („Streaming“) bestimmte Übertragung einer Rundfunksendung über allgemein zugängliche Seiten im Internet (World Wide Web) oder in mobilen Netzdiensten.
- (6) Webcasting im Sinne dieses Vertrages ist die nicht-interaktive und nicht zur dauerhaften Speicherung bestimmte Übertragung von Tonträgeraufnahmen über allgemein zugängliche Seiten im Internet (World Wide Web) oder allgemein zugängliche mobile Netzdienste auf einem oder mehreren Kanälen, sofern der Hauptzweck des Angebots nicht darin liegt, bestimmte Produkte oder Dienstleistungen (ausgenommen solche mit Bezug zu Tonträgeraufnahmen, Live-Konzerten oder anderen musikbezogenen Veranstaltungen) zu verkaufen, zu bewerben oder anderweitig zu fördern.
- (7) Podcasting im Sinne dieses Vertrages ist die öffentliche Zugänglichmachung einer bereits rechtmäßig zu Sendezwecken produzierten herkömmlichen Sendung zur nicht dauerhaften („Streaming“) oder dauerhaften („Download“) Speicherung über allgemein zugängliche Seiten im Internet (World Wide Web) oder allgemein zugängliche mobile Netzdienste durch den Rundfunkveranstalter.

§ 3 Territorialer Umfang der Rechteübertragung

- (1) Die Übertragung der Rechte gemäß § 1 erfolgt weltweit.
- (2) Der Berechtigte ist berechtigt, die Rechteübertragung auf bestimmte Länder zu beschränken. Für die Rechtebeschränkung gilt die Anlage „Rechteübertragung an die GVL“, die Bestandteil dieses Vertrages ist. Für Änderungen der territorialen Rechteübertragung gelten die Fristen nach § 7.
- (3) Hat der Berechtigte der GVL die Rechte für bestimmte Länder übertragen, sind für den Umfang der Rechtswahrmehmung die dort geltenden nationalen Regelungen, die den Rechten in § 1 entsprechen, maßgeblich. Die GVL ist ermächtigt, für Berechtigte, die ihr Rechte für das Ausland übertragen haben, auch Vergütungen von ausländischen Schwestergesellschaften in Empfang zu nehmen, die dort für weitergehende Rechte oder für vor Abschluss dieses Wahrnehmungsvertrages liegende Zeiträume errechnet wurden. Die Geltendmachung von Vergütungsansprüchen bei ausländischen Schwestergesellschaften unter den bestehenden Gegenseitigkeitsverträgen erfolgt auf Grundlage der im elektronischen Meldesystem der GVL gemäß § 4 I getätigten Mitwirkungsmeldungen.

§ 4 Pflichten des Berechtigten

- (1) Der Berechtigte ist jederzeit verpflichtet, der GVL die für die Feststellung und Wahrnehmung seiner Rechte und Ansprüche erforderlichen Auskünfte zu erteilen und Nachweise zu erbringen, ferner die zur Aufstellung und Durchführung des Verteilungsplanes notwendigen Angaben zu machen und die erforderlichen Unterlagen zur Verfügung zu stellen. Auskünfte und Nachweise zur Feststellung und Wahrnehmung von Rechten und Ansprüchen sowie Angaben und Unterlagen zur Aufstellung und Durchführung des Verteilungsplans können von dem Berechtigten in einem elektronischen Meldesystem der GVL oder in Papierform auf den von der GVL herausgegebenen Formularen erfolgen.
Die GVL ist auch ermächtigt, sich die erforderlichen Auskünfte und Angaben selbst zu verschaffen. Für Mitglieder eines Klangkörpers (Chor oder Orchester) darf die GVL insbesondere Auskünfte über die Zugehörigkeitszeiten zu bestimmten Klangkörpern vom Arbeitgeber oder Auftraggeber einholen.
- (2) Der Berechtigte darf die Tarifpartner der GVL weder direkt noch indirekt an seinen GVL-Vergütungen beteiligen. Im Falle der Zuwiderhandlung ist der Berechtigte verpflichtet, den Betrag an die GVL zur

Verwendung für soziale Zwecke abzuführen, den er auf Basis der Nutzungen des Tarifpartners erhalten hat.

- (3) Der Berechtigte teilt der GVL seine Bankverbindung mit und hält die GVL über etwaige Änderungen auf dem Laufenden. Die GVL haftet nicht für Fehlüberweisungen aufgrund falscher Angaben. Der Berechtigte ist verpflichtet, der GVL Überzahlungen zu erstatten, die auf unrichtige, unvollständige oder unklare Angaben zurückzuführen sind.
- (4) Der Berechtigte ist verpflichtet, der GVL jeden Wechsel des Wohnsitzes unverzüglich mitzuteilen und im Falle des Wohnsitzwechsels nach Deutschland eine deutsche Einwohnermeldeamts-bescheinigung beizufügen.
- (5) Der Berechtigte ist verpflichtet, der GVL jede Änderung seines Steuerstatus' (insbes. Mehrwertsteuerpflichtigkeit oder ausländische Steuerpflicht) unverzüglich mitzuteilen.
- (6) Der Berechtigte, der seinen Verpflichtungen aus dem Wahrnehmungsvertrag, den Verteilungsplänen oder dem Gesellschaftsvertrag nicht nachkommt, ist verpflichtet, die der GVL hierdurch entstandenen Kosten zu erstatten.
- (7) Bewirkt die GVL rechtsgrundlose Zahlungen, so ist die GVL berechtigt, diese Zahlungen zurückzufordern, ohne dass sich der Zahlungsempfänger darauf berufen kann, nicht mehr bereichert zu sein.

§ 5 Ansprüche des Berechtigten

Die Ansprüche des Berechtigten gegen die GVL sind nur mit Zustimmung der GVL abtretbar. Die GVL ist berechtigt, die Erteilung der Zustimmung von der Zahlung einer Bearbeitungsgebühr abhängig zu machen.

§ 6 Rechtsnachfolger des Berechtigten

Im Fall des Todes des Berechtigten wird der Wahrnehmungsvertrag mit dessen Rechtsnachfolger bzw. Rechtsnachfolgern fortgesetzt. Sind mehrere Rechtsnachfolger vorhanden, müssen diese ihre Rechte gegenüber der GVL durch einen gemeinsamen Bevollmächtigten ausüben. Bis zur Bestellung eines gemeinsamen Bevollmächtigten ist die GVL zu Auszahlungen nicht verpflichtet.

§ 7 Dauer der Rechteübertragungen

- (1) Der Vertrag beginnt mit dem 1. Januar 2010. Hat der Berechtigte die Rechte für diesen rückwirkenden Zeitraum einer anderen ausländischen Verwertungsgesellschaft zur Wahrnehmung übertragen, erhält er mit gesondertem Schreiben eine rechtsverbindliche Bestätigung des abweichenden Vertragsbeginns. Der Vertrag läuft auf unbestimmte Zeit und kann mit einer Frist von sechs Monaten zum 31. Dezember eines Jahres gekündigt werden, frühestens zum Ende des dritten Vertragsjahres.
- (2) Soweit die von der GVL abgeschlossenen oder verlängerten Verträge mit den Verwertern den Zeitpunkt der Beendigung des Vertrags überschreiten, verlängert sich dieser hinsichtlich der betreffenden Rechtsübertragung entsprechend.
- (3) Mit der Beendigung des Vertrags gehen die Rechte ohne besondere Übertragung zum Schluss des Kalenderjahres an den Berechtigten zurück.

§ 8 Verteilung

Für die Verteilung gelten folgende Grundsätze:

- a) Die von der GVL vereinnahmten Vergütungen für die Verwertung von Tonträgern werden zwischen den Tonträgerherstellern und den ausübenden Künstlern hälftig geteilt.
- b) Die von der GVL vereinnahmten Vergütungen für die Verwertung von Videoclips werden zwischen den Tonträgerherstellern und den ausübenden Künstlern nach einem Vorabzug von 60 % für die Tonträgerhersteller hälftig geteilt.
- c) Die von der GVL vereinnahmten Vergütungen für die Vermietung und den Verleih von Filmen werden zwischen den ausübenden Künstlern und den Tonträgerherstellern nach einem Vorabzug von 40 % für die ausübenden Künstler hälftig geteilt.
- d) Die von der GVL vereinnahmten Vergütungen für die Kabelweiterleitung künstlerischer Darbietungen, die nicht unter lit. a) und b) fallen, stehen den ausübenden Künstlern zu.

§ 9 Einbeziehung des Gesellschaftsvertrages/Vertragsänderungen

- (1) Der Gesellschaftsvertrag der GVL in seiner jeweiligen Fassung ist Bestandteil dieses Vertrags.
- (2) Vom Beirat beschlossene künftige Änderungen des Wahrnehmungsvertrages, beispielsweise hinsichtlich neuer Rechte oder neuer Nutzungsarten, werden Bestandteil dieses Vertrages, wenn sie dem Berechtigten schriftlich mitgeteilt wurden und dieser zustimmt. Die Zustimmung gilt als erteilt, wenn der Berechtigte nicht binnen sechs Wochen seit Absendung der Mitteilung ausdrücklich widerspricht; auf diese Rechtsfolge ist er in der Mitteilung hinzuweisen.

§ 10 Sonstiges

- (1) Der Berechtigte ist damit einverstanden, dass seine Angaben elektronisch gespeichert, verarbeitet und weitergegeben werden, jedoch nur im Rahmen der Zweckbestimmung dieses Vertragsverhältnisses.

Erfüllungsort und Gerichtsstand ist der Sitz der GVL.

Ort, Datum


Berlin, den _____
Gesellschaft zur Verwertung
von Leistungsschutzrechten mbH (GVL)

Unterschrift des Berechtigten

Dr. Tilo Gerlach
Geschäftsführer

Guido Evers
Geschäftsführer

Appendix 2. Additional details to the contract with GVL

	Gesellschaft zur Verwaltung von Leistungsschutzrechten
<p>Ergänzende Angaben zum Wahrnehmungsvertrag mit der GVL <i>Additional details to the contract with GVL</i></p>	

(Bitte ausfüllen und unterzeichnet zurücksenden)
(Please fill in, sign and return with the contract)

Name: _____ Vorname: _____
Name: _____ First Name: _____

Namensvariation/andere Schreibweise des bürgerlichen Namens:
Variations/alternative spellings of your name:

Name: _____ Vorname: _____
Name: _____ First Name: _____

Angaben im Falle einer Erbschaft:
In cases of legal succession (e.g. heirs):

Verstorbener Nachname:
Name of the deceased: _____

Verstorbener Vorname:
First Name of the deceased: _____

Amtliche Meldeadresse wie im Wahrnehmungsvertrag:
Address (where your residence is registered) as declared in the contract:

Straße/Street: _____

PLZ, Ort/Post/ZIP Code, City: _____

Land/Country: _____



Ggf. von der Meldeadresse abweichende Korrespondenzadresse:

Alternative postal address if different to the one above:

Name/Name: _____

Straße/Street: _____

PLZ, Ort/Post/ZIP Code, City: _____

Land/Country: _____

Ggf. Postfachadresse:

P.O. Box if applicable:

Postfach: _____

P.O. Box: _____

PLZ, Ort: _____

ZIP Code, City: _____

Bitte nutzen Sie zur regelmäßigen schriftlichen Kommunikation mit mir.

For any correspondence with me, please use:

- Meldeadresse gemäß Vertrag abweichende Korrespondenzadresse Postfach
Address as declared in the contract Alternative address P.O. Box

Telefon:
Telephone: _____

Mobiltelefon:
Mobile: _____

E-Mail:
E-mail: _____

Telefax:
Telefax: _____

Angaben zur künstlerischen Tätigkeit (bitte ankreuzen):
Details relating to the artistic performances (please tick):

Schauspieler/in:
Actor/Actress:

Synchronschauspieler/in:
Voice Actor/Voice Actress:

Musiker/in:
Musician:

Sonstiges (bitte angeben):
Other (please specify): _____

Zusätzliche Informationen zur künstlerischen Tätigkeit:
Additional details to the artistic performances:

Instrument(e):
Instrument(s): _____
Stimmlage:
Voice/pitch: _____


Gruppe(n)/Band(s)/Orchester & von-bis Zugehörigkeit:
Group(s)/Band(s)/Orchestra(s) & period of membership in the band (from-to):

Pseudonym(e) laut Personalausweis:
Pseudonym(s): _____

Ort, Datum/Place, Date

Unterschrift/Signature

Appendix 3. Additional bank account

	Gesellschaft zur Verwertung von Leistungschutzrechten
Ergänzende Angaben zur Bankverbindung <i>Additional bank account details</i>	

Stand: Juni 2012

(Bitte ausfüllen und unterzeichnet zurücksenden) / (Please fill in, sign and return with the contract)

GVL-Vertragsnummer / GVL-Contract ID

Name: _____ Vorname: _____
Name: _____ First Name: _____

Meine Bankverbindung für eventuelle GVL-Vergütungen lautet:
Please give your bank account details for potential GVL-remunerations:

Kontoinhaber
Account-Holder _____

Name der Bank
Name of the bank _____

BIC/Swift
Bank Identifier Code _____


IBAN
Int. Bank Account Number _____

Anschrift der Bank
Address of the bank

Ort, Datum / Place, Date

Unterschrift / Signature

Appendix 4. Transfer of your rights to GVL (performer)

	Gesellschaft zur Verwertung von Leistungsschutzrechten
Rechteübertragung an die GVL (Künstler) <i>Transfer of your rights to GVL (performer)</i>	

Name, Vorname / Surname, first name: _____

Geburtsdatum / Date of birth: _____

GVL-Vertragsnummer / GVL contract number: _____

Hiermit erkläre ich die Übertragung meiner Rechte an die GVL zur Wahrnehmung für folgende Länder.
I herewith declare that I transfer my rights to GVL for administration in the following countries.

Bitte wählen Sie nur eine der folgenden vier Optionen
Please choose only one of the following four options:

- | | |
|---|--|
| 1. <input type="checkbox"/> Weltweit* / Worldwide* | 2. <input type="checkbox"/> Weltweit* außer... / Worldwide* except...
<small>(bitte Länder unten auswählen /
please select specific countries below)</small> |
| 3. <input type="checkbox"/> Nur Deutschland / Germany only | 4. <input type="checkbox"/> Deutschland und* ... / Germany and*...
<small>(bitte Länder unten auswählen /
please select specific countries below)</small> |

- | | | |
|--|--|--|
| <input type="checkbox"/> Österreich / Austria | <input type="checkbox"/> Großbritannien / UK | <input type="checkbox"/> Rumänien / Romania |
| <input type="checkbox"/> Belgien / Belgium | <input type="checkbox"/> Irland / Ireland | <input type="checkbox"/> Slowakei / Slovakia |
| <input type="checkbox"/> Kanada / Canada | <input type="checkbox"/> Italien / Italy | <input type="checkbox"/> Spanien / Spain |
| <input type="checkbox"/> Kroatien / Croatia | <input type="checkbox"/> Japan / Japan | <input type="checkbox"/> Schweden / Sweden |
| <input type="checkbox"/> Tschechien / Czech Republic | <input type="checkbox"/> Litauen / Lithuania | <input type="checkbox"/> Schweiz / Switzerland |
| <input type="checkbox"/> Dänemark / Denmark | <input type="checkbox"/> Niederlande / Netherlands | <input type="checkbox"/> USA / USA |
| <input type="checkbox"/> Finnland / Finland | <input type="checkbox"/> Norwegen / Norway | <input type="checkbox"/> _____ |
| <input type="checkbox"/> Frankreich / France | <input type="checkbox"/> Polen / Poland | <input type="checkbox"/> _____ |
| <input type="checkbox"/> Griechenland / Greece | <input type="checkbox"/> Portugal / Portugal | <input type="checkbox"/> _____ |

* Eine Rechtswahrnehmung im Ausland kann nur stattfinden, soweit für die jeweilige Produktionsart Gegenseitigkeitsverträge mit Schwestergesellschaften in dem jeweiligen Land bestehen. Eine aktuelle Übersicht finden Sie unter: <https://www.gvl.de/gvl/internationales/gvl-international-fuer-kuenstler>. Dort macht die GVL auch entsprechende Änderungen bekannt.



** A representation abroad can only take place if reciprocal agreements with respective sister societies are effective for the respective media type. Please find an overview here: <https://www.gvl.de/en/gvl/international-affairs/international-affairs-artists>. Any amendments will be announced there as well.*


Die Rechteübertragung gilt für alle von der GVL vertretenen Produktionsarten und Rechte. Sollten Sie diesbezügliche Einschränkungen Ihrer Rechteübertragung wünschen, setzen Sie sich bitte mit uns in Verbindung.

Your transfer of rights applies for all media types and rights administered by GVL. If you would like to make a limitation of your transfer of rights in this regard, please do not hesitate to contact us.

Ort, Datum / Place, Date

Unterschrift / Signature

Appendix 5. Tax form B

	Gesellschaft zur Verwertung von Leistungsschutzrechten
Tax Form B for performing artists who <u>neither</u> have their domicile <u>nor</u> their ordinary residence in Germany	

GVL Agreement Number: _____

Surname: _____ First Name: _____ Nationality: _____

Address of the main residence: _____

Different mailing address: _____

1. Income Tax

In the Federal Republic of Germany

- I only have a limited income tax liability.
 I have only a notional unlimited income tax liability pursuant to s.1, para. 3 of the German Income Tax Act (so-called "cross-border commuters").

2. Value-Added Tax

I am not a resident in the Federal Republic of Germany but

- in the remaining area of the Community (area of the remaining member states of the EU).
 in a non-member country (outside the EU).

I have been allocated a tax number by my tax office and/or a VAT ID number by the Federal Central Tax Office. The number is as follows: _____

Place, Date

Legally binding signature of the rights holder

Please note:

Explanations on limited or unlimited tax liability can be found on our website at <https://www.gvl.de/en/rights-holders/artists/contract-documents/fao-taxation>.

Appendix 6. Interview questions

1. Who are you and what do you do?
2. How much are you dealing with Gramex?
3. Are you satisfied with Gramex altogether? Why/How?
4. Are you satisfied with the foreign activities of Gramex? Why/How?
5. Are there differences in the reporting of royalties that come from Finland and abroad?
6. What kind of differences?
7. Could the reporting of foreign royalties be better? How?