

# ▶ AN INTRODUCTION TO PPL ●

WIPO-BCC ADVANCED TRAINING COURSE ON  
COPYRIGHT AND RELATED RIGHTS



# INTRODUCTIONS



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1. About PPL
2. How we obtain our rights
3. How we license users
4. How we distribute revenue
5. Regulation, transparency & governance

01

# ABOUT PPL

A large orange circle is positioned on the left side of the slide. Inside the circle, the words "OUR PURPOSE" are written in white, uppercase, sans-serif font, centered vertically and horizontally.

OUR  
PURPOSE

## **Giving back to music:**

Licensing recorded music for broadcast, online and public performance use on behalf of over 120,000 record companies and performers.

## HOW?

- By maximising distributable revenue via simple and effective licensing and collections, fair and efficient distributions and prudent cost management.
- By delivering a quality service to a diverse community of members, licensees, and partner and customer CMOs.
- By improving the quality of our processes, systems and data.
- By being a global leader in the collective licensing of music, forming strategic partnerships, and driving for improvements across the industry.
- By recruiting and developing our people, improving how we work together and maintaining a diverse, engaged and ambitious team.



*More information: <https://www.ppluk.com/wp-content/uploads/2021/06/PPL-Annual-Review-2020.pdf>*

02

# **HOW WE OBTAIN OUR RIGHTS**



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## OUR RIGHTS AND MANDATES

### **Some common principles**

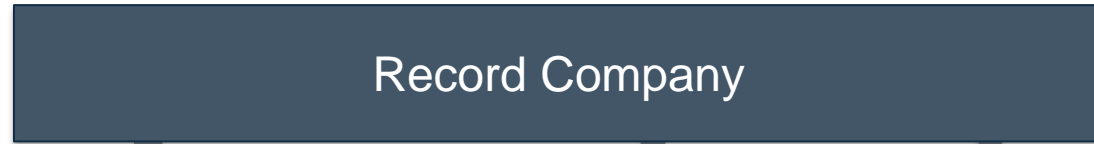
- Scope set by the Board / the members
- Balancing flexibility for members against ease of administration
- Packages of rights match needs of licensees (e.g. broadcast and simulcast, not “all internet rights”)
- All mandates cover all sound recordings controlled by the member within the relevant right type



## PPL MEMBER AGREEMENTS: RECORDING RIGHTSHOLDERS

- Traditionally “record companies”, but also increasingly includes self-releasing artists and other sound recording copyright owners.
  - As a condition of membership, must assign to PPL their **Public Performance** and **Broadcast** rights (and related copying rights\*). Must have these rights in at least one “Primary Recording” (i.e. excluding library music, jingles etc.).
    - (\* the right to copy sound recordings in the UK for the purposes of public performance or broadcast, whether in the UK or ex-UK – this enables us to license e.g. dubbing onto in-flight entertainment systems, and copying TV programmes for secondary sales.)
  - Option to appoint PPL as non-exclusive agent under other mandates:
    - **New Media** (communication to the public rights – includes webcasting and on-demand provision of radio/TV programmes including music, but not specific tracks on demand).
    - **Programme Distribution** (rental, lending and issuing to public rights – covers inclusion of recorded music in radio/TV programmes for CD, DVD and DTO).
    - These mandates use a “new service category” system, giving members flexibility and control: If members sign up, PPL cannot license their rights for any given category under the mandate without first giving notification of that category to members, and members can then opt out of that category if they wish.
  - Option to appoint PPL as exclusive agent for **international collections** (worldwide or for specific territories).
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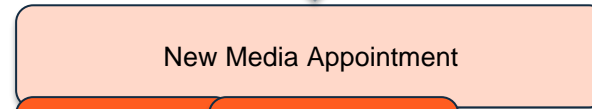
Rights controlled by record companies



PPL mandate

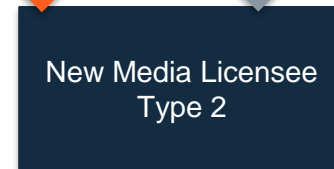
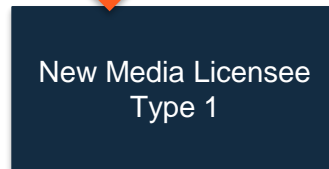
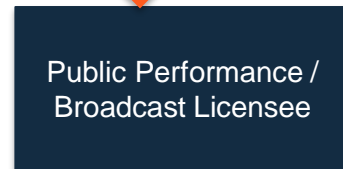


UK PPB Assignment




X Record co opts out...

Rights needed by licensees



... and licenses directly

## PPL MEMBER AGREEMENTS: PERFORMERS

- Performers have a UK statutory right to **equitable remuneration** (ER) where recordings of their performances are played in public or communicated to the public (but not if “made available”; debate about where that dividing line falls).
  - Applies only to “**qualifying performances**” – determined by the performer’s residency or citizenship, or the territory in which they gave the performance.
  - “**Performance**” generally means an audible contribution. A studio producer’s inaudible contribution may also be a “performance” where they conduct or provide similar musical direction to a performer’s live performance while it is recorded.
  - The right to ER is a right against the **sound recording copyright owner**, not the music user – hence PPL administers the payments to performers on behalf of its recording rights holder members. The right cannot be assigned or waived, during the performer’s lifetime.
  - To collect ER, performers simply have to **register with PPL** and claim against the recordings on which they performed. (They are not members of PPL in the company law sense but are represented within our governance structure.)
  - Performers may also give PPL an **International Performer Mandate** (appointing PPL as exclusive agent to collect equivalent remuneration from overseas CMOs, on a worldwide basis or for specific territories only).
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03

# HOW WE LICENSE USERS



## LICENSING USERS

### Licensing **recorded music** for broadcast, online and public performance use on behalf of record companies and performers

- “Sound recordings” under the CDPA 1988
- The copyright owner has exclusive rights:
  - To copy
  - To issue copies
  - To play in public
  - To adapt
  - To rent or lend
  - To communicate to the public
- Some (but not all) of these are administered by PPL

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## LICENSING USERS

### Licensing **public performance**

- PPL and PRS joint venture company for all public performance licensing began operating in February 2018
- Simpler one-stop-shop for licensees
- Tariffs and tariff setting remain separate
- Substantial investment of time and effort required to harmonise approaches but will realise long-term efficiencies



## LICENSING USERS

### Licensing **public performance**: Setting PPL Tariffs

- Engagement with representative bodies in the respective sector and public consultation
- CRM Directive requires both CMOs and users to share information
- No one-size-fits-all approach
- Tariffs can also be referred to the Copyright Tribunal
- Fees usually based on size of business/nature of use
- Concessions and exemptions for smaller businesses

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## LICENSING USERS

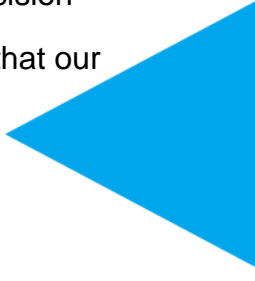
### Licensing **broadcast and online**

- **>2,000** TV channels and radio stations licensed
- Mixture of licensing tariffs and negotiated contracts
  - BBC
  - Commercial radio (c. 330 licences)
  - Commercial TV (BSkyB, Channel 4, Five, ITV and c.400 others)
  - Online and mobile (focus on programmes, not stand-alone tracks)



# LICENSING USERS

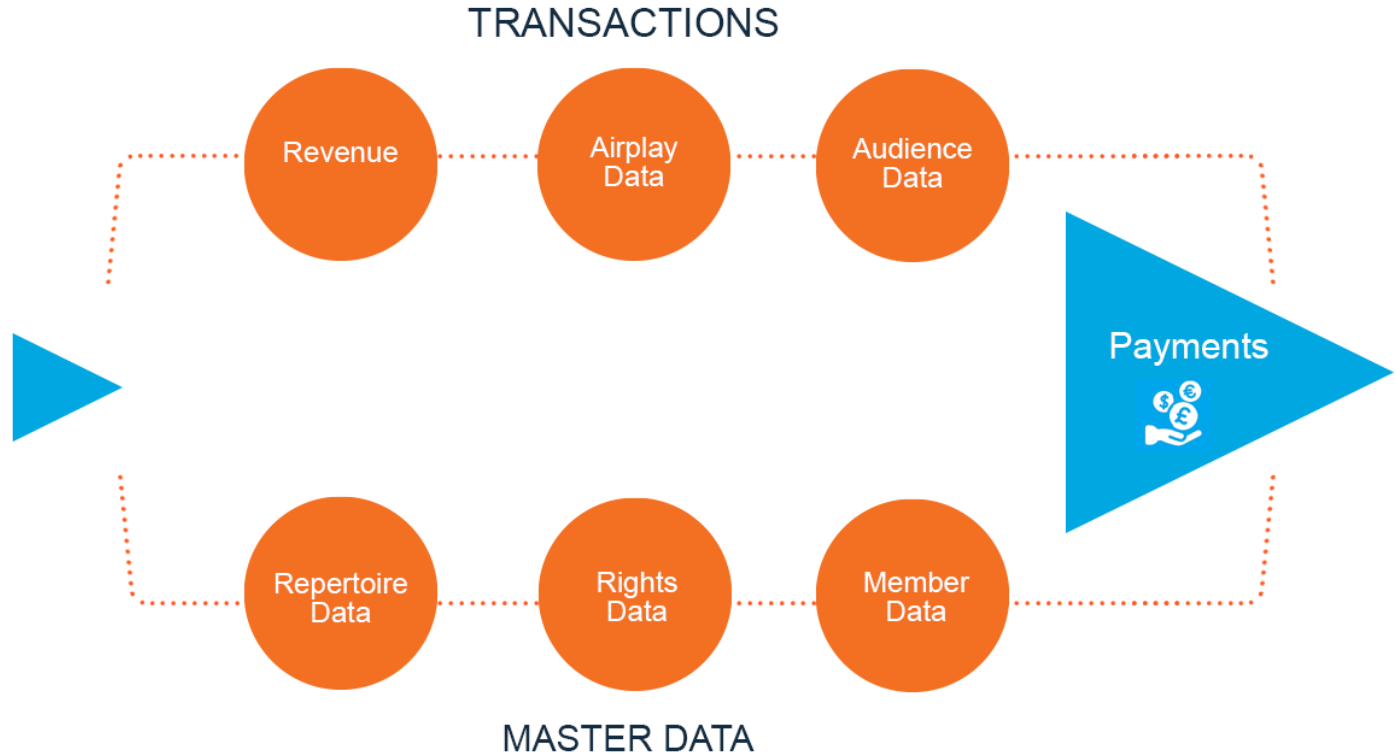
## BROADCAST

- Television
    - Commercially negotiated licences
    - No difference between public and commercial broadcasters
    - Valuation based on usage and consumption
    - Dedicated Broadcast Licensing team cultivate relationships with broadcasters and stay on top of market demands and developments
    - PPL has scope to expand the grant of rights to meet demand of new technologies
    - Generally built on 3 - 5 year deals, commercially negotiated at each renewal
  - Radio
    - Commercial Radio licensed on basis of percentage of advertising revenue following a Copyright Tribunal decision
    - The industry recognises the position of recorded music to their business and so the licensing model means that our members share in the commercial upsides and downsides of the radio industry
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04

# HOW WE DISTRIBUTE REVENUE

# MUSIC REPORTING AND DISTRIBUTION





## DISTRIBUTION

### **Distribution process**

- Information received on recorded music usage by
  - TV and radio broadcasters
  - music suppliers
  - UK businesses
  - other music licensing organisations
- “Surrogate” profiles where full and actual usage information is not available
  - usage information received from other licensees
  - survey results
- Advice and approval received from PPL’s Distribution Committee



## DISTRIBUTION

### **Distribution process**

- Usage matched against PPL Repertoire Database
- Allocation on a per-recording basis weighted by factors such as:
  - On what radio station or TV channel the recording has been played
  - the amount of airplay it has received
  - the size of the audience who heard it
- Revenue divided between the rights holders and the eligible performers. The split is typically 50-50
- PPL distribution policies approved by PPL Board
- Performer royalties are divided between performers according to rules approved by Performer Board

05

**REGULATION,  
TRANSPARENCY  
& GOVERNANCE**

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## OVERVIEW

# Regulation, transparency & governance

- Legal and Regulatory Framework
- Transparency
  - Code of Conduct
  - Publication of Documents
- Governance
  - PPL Board and Performer Board
  - AGM (Annual General Meeting) and APM (Annual Performer Meeting)

# LEGAL AND REGULATORY FRAMEWORK

## Regulatory framework based on the CRM Directive

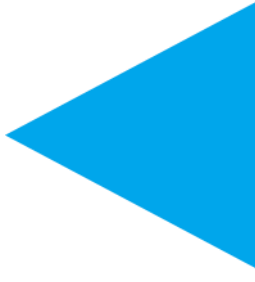
- EU Collective Rights Management (“CRM”) Directive implemented into UK law in April 2016. Same framework maintained after Brexit.
- Minimum standards of transparency and governance. Areas covered include members’ rights, the role of general meetings, obligations and deadlines relating to distributions and deductions, and broad reporting obligations.
- At UK level, compliance with the CRM Directive Regulations is overseen by the Intellectual Property Office, who have the power to investigate compliance complaints and require corrective measures.

## Copyright Tribunal

- Statutory body regulating the pricing of copyright licences in the UK.
- Jurisdiction covers both proposed new licensing schemes and existing/expiring ones.
- Process must be initiated by the licensee.

## Dispute resolution

- Procedures that members can use e.g. track ownership disputes
- Internal complaints process linked to Code of Conduct
- External complaints review (Dispute Resolution Ombudsman)





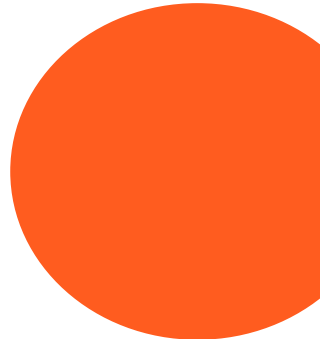
# **TRANSPARENCY**

## **Code of Conduct**

- Sets out useful information in one place
- Customer service commitments
- Complaints process
- Commitments on how we set and review tariffs

## **Publication of Documents**

- Articles of association
- Annual Report and CRM Directive Transparency Report
- Membership Agreements
- Standard licences and tariffs
- Distribution Rules
- Data Policy
- But also consider commercial confidentiality, privilege, data protection



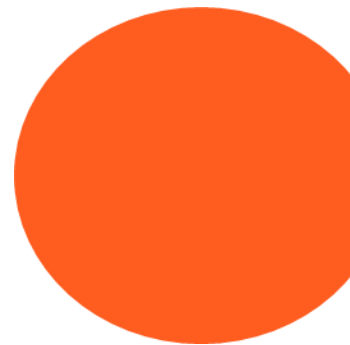
# GOVERNANCE

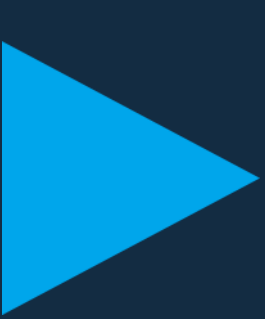
## Boards

- PPL Board meets 9 times a year and comprises 17 directors (all elected):
  - 8 from record companies;
  - 6 performer directors
  - 1 non-industry director
  - 2 executive directors (Chairman and CEO)
- Also has attendees from AIM and BPI
- Separate Performer Board (comprising the performer directors, plus one executive director and one record company director) with delegated power in relation to performer matters
- Specialist committees: Audit & Finance, Distribution, Remuneration

## General meetings

- PPL AGM (for recording rightsholders)
- Annual Performer Meeting (for performers; at which performer directors are elected)





**Thank you**  
**Any questions?**

