

# **ROYALTY TARIFF - REPRODUCTION AND DISTRIBUTION OF CARRIERS, IN FORCE FROM 2019 TO 2021**

## **1) Introductory provisions**

- 1.1 This tariff provides for royalty rates of the collective management organization called OSA - Ochranný svaz autorského pro práva k dílům hudebním, z.s. (hereinafter referred to as “**OSA**”) for granting licenses to use musical works of authors and other rights holders whose rights are managed by OSA (hereinafter referred to as “**OSA Repertoire**”), within the use in reproduction under Section 13 of Act No. 121/2000 Sb., the Copyright Act, as amended (hereinafter referred to as “**CA**” or “**Copyright Act**”), and dissemination of reproductions under Section 14 CA.
- 1.2 For the purposes of this tariff, a **musical work** means a musical work and a literary work used in combination with a musical work.
- 1.3 Royalty rates are indicated net of VAT, which is added at the basic rate in accordance with the general legislation.
- 1.4 The minimum royalty is considered the minimum value of OSA Repertoire regardless of the scope of use of OSA Repertoire.
- 1.5 Situations not provided for in this or any other tariff shall be resolved by agreement.
- 1.6 Royalty rates are fixed for each commenced calendar month of use unless otherwise stated.
- 1.7 This tariff replaces all previous tariffs which provided for royalty rates for granting licenses to use the works specified herein.
- 1.8 This tariff has been properly discussed and approved by the Czech National Group of the International Federation of Phonographic Industry (ČNS IFPI) in accordance with the procedure under Section 98f CA.
- 1.9 This tariff comes into force and takes effect on 1 January 2019 and it will be followed until 31 December 2021.

## **2) MUSIC AND FILM CARRIERS (Reproduction and distribution of musical works on audio and audiovisual recording carriers)**

- OSA makes it possible to obtain a license for reproduction and distribution of carriers (under Sections 13 and 14 CA) on the basis of a one-time or long-term agreement. A one-time agreement is suitable in particular for subjects releasing a small number of titles within a year (in the range of several units). A long-term agreement may be entered into by any subject who pays OSA an annual royalty of at least CZK 15,000 net of VAT in the case of music carriers (clause 2.1 hereof) and CZK 9,000 net of VAT in the case of film carriers (clause 2.2 hereof).
- Where the royalties paid by the licensee under the long-term agreement within a calendar year do not reach the amount specified in par. 1, the licensee is obliged to pay the difference.
- The royalty is always calculated as a percentage of **PPD (Published Price to Dealer** - it is the book value for which the licensee provides the carrier to a third party. PPD is equal to the price of the carrier net of VAT as entered in the licensee’s books for which the licensee provides the carrier to a third party (the so-called “release from storage”), in particular a distributor etc., and it will be shown separately for each price category for which the carrier is sold.
- The first marketing means the first release of the carrier by releasing it from the licensee’s storage under a unique catalog number.
- Where the total royalty charged under any distribution mode (Budget Reissue, Mid-Price Reissue etc.) is lower than CZK 153 net of VAT, OSA will issue an invoice in the amount of CZK 153 net of VAT for each such distribution mode (Budget Reissue, Mid-Price Reissue etc.).

### **2.1 Music carriers (audio and audiovisual)**

- 2.11 Music audio carriers are carriers containing musical works without the visual component. Music audiovisual carriers are carriers containing an audiovisual recording of a concert, music festival, music video etc. (hereinafter referred to as music AV carriers).
- 2.12 The royalty amounts to **8.712% of PPD** for music audio carriers and **6.5% of PPD** for music AV carriers, see table 1.
- 2.13 The percentage of OSA royalty corresponds to the length of pieces from OSA Repertoire in relation to the total length of the carrier (the pro rata temporis principle). The royalty is reduced according to the share of OSA Repertoire on each carrier.
- 2.14 The minimum royalty is fixed for each carrier type separately in accordance with table 1; it may be further reduced in carrier distribution under one of the following distribution modes:
  - “Mid-Price Reissue” - carrier distribution against payment, if PPD is by at least 30% lower than it was at the moment of the first marketing and, at the same time, at least 6 calendar months have expired since the date of the first marketing.
  - “Budget Reissue” - carrier distribution against payment, if PPD is by at least 50% lower than it was at the moment of the first marketing and, at the same time, at least 12 calendar months have expired since the date of the first marketing.

- “Sale” - carrier distribution against payment, if the production (reproduction) of the carrier has been discontinued and the carrier is visibly identified as “SALE”.
- “Multiple carrier distribution” - distribution of two or more different carriers against payment within a single indivisible whole (package).
- “Premium carriers” - carriers distributed to promote another product, service or person as special marketing products, without the right to sell them separately to end consumers (e.g. added to washing powder, cereals etc.). The amounts of royalties under this distribution mode are specified in table 2.
- Individual royalty reductions under individual distribution modes cannot be combined.

### **2.15 One-time license agreement**

- I. The license includes an authorization of the use of OSA Repertoire in the production and distribution of carriers for the entire number of copies produced as agreed in the agreement. The royalty for granting the license is paid for the entire number of copies produced in the form of a one-time payment after conclusion of the license agreement.

### **2.16 Long-term license agreement**

- I. The license includes an authorization of the use of OSA Repertoire in the production and distribution of carriers; the royalty is paid for the number of copies released from publisher’s storage for the period agreed in the agreement, usually for a calendar quarter.
- II. Where the licensee decides to terminate or not to renew the long-term agreement and has any carriers left in storage, it is obliged to settle the carrier production en bloc by a one-time license agreement.
- III. The long-term agreement may be entered into by any subject who pays OSA an annual royalty at least in the amount of CZK 15,000 net of VAT.

**Table 1: Summary of royalties and minimum royalties for music audio carriers and music AV carriers**

Carrier type	Carrier code	Carrier type definition		Royalty		Distribution mode								
						Mid-Price Reissue		Budget Reissue		Sale			So-called multiple carriers	
		max. length	max. number of works	Royalty from PPD	Minimum royalty	Discount on minimum royalty	Minimum royalty	Discount on minimum royalty	Minimum royalty	Royalty from PPD	Discount on minimum royalty	Minimum royalty	Discount on minimum royalty	Minimum royalty
SP (45 RPM, 17 cm)	S	8 min.	2	8.712%	CZK 3.49	19%	CZK 2.83	45%	CZK 1.92	10%	85%	CZK 0.52	49%	CZK 1.78
EP (45 RPM, 17 cm)	EP	16 min.	4	8.712%	CZK 3.70	19%	CZK 2.99	45%	CZK 2.03	10%	85%	CZK 0.55	49%	CZK 1.89
Maxi-single (45 RPM)	DS	16 min.	4	8.712%	CZK 5.20	19%	CZK 4.21	45%	CZK 2.86	10%	85%	CZK 0.78	49%	CZK 2.65
EP (33 RPM, 17 cm)	EPM	20 min.	6	8.712%	CZK 4.39	19%	CZK 3.55	45%	CZK 2.42	10%	85%	CZK 0.66	49%	CZK 2.24
mini LP (33 RPM, 25 cm)	MLP	30 min.	10	8.712%	CZK 5.49	19%	CZK 4.45	45%	CZK 3.02	10%	85%	CZK 0.83	49%	CZK 2.80
LP (33 RPM, 30 cm)	LP	60 min.	16	8.712%	CZK 7.29	19%	CZK 5.90	45%	CZK 4.01	10%	85%	CZK 1.09	49%	CZK 3.72
MC	MC	60 min.	16	8.712%	CZK 6.29	19%	CZK 5.09	45%	CZK 3.46	10%	85%	CZK 0.94	49%	CZK 3.21
MC single	SMC	8 min.	2	8.712%	CZK 3.49	19%	CZK 2.83	45%	CZK 1.92	10%	85%	CZK 0.52	49%	CZK 1.78
MC maxi-single	MMC	16 min.	4	8.712%	CZK 5.20	19%	CZK 4.21	45%	CZK 2.86	10%	85%	CZK 0.78	49%	CZK 2.65
mini MC	MCP	30 min.	10	8.712%	CZK 6.20	19%	CZK 5.02	45%	CZK 3.41	10%	85%	CZK 0.93	49%	CZK 3.17
MC double	DMC	120 min.	32	8.712%	CZK 9.19	19%	CZK 7.44	45%	CZK 5.05	10%	85%	CZK 1.38	49%	CZK 4.69
CD	CD	80 min.	20	8.712%	CZK 9.19	19%	CZK 7.44	45%	CZK 5.05	10%	85%	CZK 1.38	49%	CZK 4.69
CD single	SCD	12 min.	2	8.712%	CZK 4.80	19%	CZK 3.89	45%	CZK 2.64	10%	85%	CZK 0.72	49%	CZK 2.45
CD maxi-single	CDM	23 min.	5	8.712%	CZK 5.20	19%	CZK 4.21	45%	CZK 2.86	10%	85%	CZK 0.78	49%	CZK 2.65
MD, DCC	MD, DCC	80 min.	20	8.712%	CZK 9.19	19%	CZK 7.44	45%	CZK 5.05	10%	85%	CZK 1.38	49%	CZK 4.69
DVD audio	DAA	80 min.	20	8.712%	CZK 9.19	19%	CZK 7.44	45%	CZK 5.05	10%	85%	CZK 1.38	49%	CZK 4.69
SuperAudio CD	SACD	80 min.	20	8.712%	CZK 9.19	19%	CZK 7.44	45%	CZK 5.05	10%	85%	CZK 1.38	49%	CZK 4.69
music AV carrier	DVDa	30 min.	unlimited	6.5%	CZK 3.06	19%	CZK 2.48	45%	CZK 1.68	10%	85%	CZK 0.46	49%	CZK 1.56
music AV carrier	DVDb	50 min.	unlimited	6.5%	CZK 4.08	19%	CZK 3.31	45%	CZK 2.25	10%	85%	CZK 0.61	49%	CZK 2.08
music AV carrier	DVDc	70 min.	unlimited	6.5%	CZK 5.11	19%	CZK 4.14	45%	CZK 2.81	10%	85%	CZK 0.77	49%	CZK 2.60
music AV carrier	DVDd	unlimited	unlimited	6.5%	CZK 6.13	19%	CZK 4.96	45%	CZK 3.37	10%	85%	CZK 0.92	49%	CZK 3.12

**Table 2: Summary of royalties and minimum royalties for the so-called premium music audio carriers and music AV carriers**

Carrier type	Carrier code	Carrier type definition		Distribution mode								
		max. length	max. number of works	Royalty from PPD	Premium carriers							
					number of units / discount on minimum royalty (%) / minimum royalty for 1 carrier (CZK)							
					up to 499 units	500 - 999 units	1,000 - 1,999 units	2,000 - 4,999 units	5,000 - 9,999 units	10,000 - 19,999 units	20,000 - 49,999 units	50,000 and more units
0%	-10%	-20%	-30%	-40%	-50%	-60%	-70%					
SP (45 RPM, 17 cm)	S	8 min.	2	8.712%	CZK 3.49	CZK 3.14	CZK 2.80	CZK 2.44	CZK 2.09	CZK 1.75	CZK 1.40	CZK 1.05
EP (45 RPM, 17 cm)	EP	16 min.	4	8.712%	CZK 3.70	CZK 3.33	CZK 2.96	CZK 2.58	CZK 2.22	CZK 1.85	CZK 1.48	CZK 1.11
Maxi-single (45 RPM)	DS	16 min.	4	8.712%	CZK 5.20	CZK 4.68	CZK 4.16	CZK 3.63	CZK 3.11	CZK 2.60	CZK 2.08	CZK 1.56
EP (33 RPM, 17 cm)	EPM	20 min.	6	8.712%	CZK 4.39	CZK 3.95	CZK 3.51	CZK 3.07	CZK 2.63	CZK 2.20	CZK 1.76	CZK 1.32
mini LP (33 RPM, 25 cm)	MLP	30 min.	10	8.712%	CZK 5.49	CZK 4.94	CZK 4.39	CZK 3.85	CZK 3.30	CZK 2.75	CZK 2.20	CZK 1.64
LP (33 RPM, 30 cm)	LP	60 min.	16	8.712%	CZK 7.29	CZK 6.57	CZK 5.83	CZK 5.11	CZK 4.37	CZK 3.64	CZK 2.92	CZK 2.18
MC	MC	60 min.	16	8.712%	CZK 6.29	CZK 5.66	CZK 5.03	CZK 4.40	CZK 3.78	CZK 3.14	CZK 2.51	CZK 1.89
MC single	SMC	8 min.	2	8.712%	CZK 3.49	CZK 3.14	CZK 2.80	CZK 2.44	CZK 2.09	CZK 1.75	CZK 1.40	CZK 1.05
MC maxi-single	MMC	16 min.	4	8.712%	CZK 5.20	CZK 4.68	CZK 4.16	CZK 3.63	CZK 3.11	CZK 2.60	CZK 2.08	CZK 1.56
mini MC	MCP	30 min.	10	8.712%	CZK 6.20	CZK 5.57	CZK 4.96	CZK 4.34	CZK 3.72	CZK 3.10	CZK 2.48	CZK 1.86
MC double	DMC	120 min.	32	8.712%	CZK 9.19	CZK 8.27	CZK 7.35	CZK 6.43	CZK 5.51	CZK 4.59	CZK 3.68	CZK 2.76
CD	CD	80 min.	20	8.712%	CZK 9.19	CZK 8.27	CZK 7.35	CZK 6.43	CZK 5.51	CZK 4.59	CZK 3.68	CZK 2.76
CD single	SCD	12 min.	2	8.712%	CZK 4.80	CZK 4.32	CZK 3.84	CZK 3.36	CZK 2.88	CZK 2.40	CZK 1.92	CZK 1.44
CD maxi-single	CDM	23 min.	5	8.712%	CZK 5.20	CZK 4.68	CZK 4.16	CZK 3.63	CZK 3.11	CZK 2.60	CZK 2.08	CZK 1.56
MD, DCC	MD, DCC	80 min.	20	8.712%	CZK 9.19	CZK 8.27	CZK 7.35	CZK 6.43	CZK 5.51	CZK 4.59	CZK 3.68	CZK 2.76
DVD audio	DAA	80 min.	20	8.712%	CZK 9.19	CZK 8.27	CZK 7.35	CZK 6.43	CZK 5.51	CZK 4.59	CZK 3.68	CZK 2.76
SuperAudio CD	SACD	80 min.	20	8.712%	CZK 9.19	CZK 8.27	CZK 7.35	CZK 6.43	CZK 5.51	CZK 4.59	CZK 3.68	CZK 2.76
music AV carrier	DVDa	30 min.	unlimited	6.5%	CZK 3.06	CZK 2.76	CZK 2.45	CZK 2.14	CZK 1.84	CZK 1.53	CZK 1.23	CZK 0.92
music AV carrier	DVDb	50 min.	unlimited	6.5%	CZK 4.08	CZK 3.68	CZK 3.27	CZK 2.86	CZK 2.45	CZK 2.04	CZK 1.63	CZK 1.23
music AV carrier	DVDc	70 min.	unlimited	6.5%	CZK 5.11	CZK 4.59	CZK 4.08	CZK 3.57	CZK 3.06	CZK 2.55	CZK 2.04	CZK 1.53
music AV carrier	DVDd	unlimited	unlimited	6.5%	CZK 6.13	CZK 5.51	CZK 4.90	CZK 4.29	CZK 3.68	CZK 3.06	CZK 2.45	CZK 1.84

## 2.2 Film audiovisual recording (audiovisual video)

- I. Film audiovisual carriers are carriers containing a recording of any audiovisual work unless it is a musical audiovisual (AV) work under clause 2. 1 hereof or the so-called multimedia under clause 2. 3 hereof.

### 2.2.1 One-time license agreement

- I. The license includes an authorization of the use of OSA Repertoire in the production and distribution of film audiovisual carriers for the entire number of copies produced as agreed in the agreement. The royalty for granting the license is paid for the entire number of copies produced in the form of a one-time payment after conclusion of the license agreement.
- II. The percentage of OSA royalty corresponds to the length of pieces from OSA Repertoire in relation to the total length of the carrier (the pro rata temporis principle).
- III. The royalty is fixed to the amount of **5% of PPD**.
- IV. The minimum royalty is fixed according to the total length of the carrier in accordance with the following mechanism:

Total carrier length	Minimum royalty for 1 carrier
0 – 29 minutes	CZK 2.04
30 – 59 minutes	CZK 3.06
60 and more minutes	CZK 4.08

- V. Where the carrier is distributed in order to promote another product, service or person as a special marketing product, without the right to sell it separately to end consumers (e.g. added to washing powder, cereals etc.), the rates specified in the following table 3 may be applied to the minimum royalty. The carrier has to be indelibly marked as a carrier not to be sold separately.

Table 3: Summary of royalties and minimum royalties for premium film carriers			
Royalty	5%		
Number of carriers (units)	total carrier length / minimum royalty for 1 carrier		
	< 29 min.	30 - 59 min.	> 60 min.
up to 499	CZK 2.04	CZK 3.06	CZK 4.08
500 - 999	CZK 1.63	CZK 2.45	CZK 3.27
1000 - 1,999	CZK 1.43	CZK 2.14	CZK 2.86
2000 - 4,999	CZK 1.23	CZK 1.84	CZK 2.45
5,000 - 9,999	CZK 1.02	CZK 1.53	CZK 2.04
10,000 - 19,999	CZK 0.82	CZK 1.23	CZK 1.63
20,000 - 49,999	CZK 0.71	CZK 1.07	CZK 1.43
50,000 - 99,999	CZK 0.61	CZK 0.92	CZK 1.23
100,000 - 199,999	CZK 0.51	CZK 0.77	CZK 1.02
200,000 - 399,999	CZK 0.41	CZK 0.61	CZK 0.82
more than 400,000	CZK 0.31	CZK 0.46	CZK 0.61

## 2.2.2 Long-term license agreement (audiovisual video)

- I. The license includes an authorization of the use of OSA Repertoire in the production and distribution of film audiovisual carriers; the royalty is paid for the number of copies released from publisher's storage for the period agreed in the agreement, usually for a calendar half.
- II. The royalty is fixed to the amount of **3.5% of PPD, without application of the pro rata temporis principle** (the royalty is not reduced according to the footage to the total carrier length ratio).
- III. The minimum royalty is fixed according to the total length of the carrier in accordance with the following mechanism:

Total carrier length	Minimum royalty for 1 carrier
0 – 29 minutes	CZK 0.51
30 – 59 minutes	CZK 1.02
60 and more minutes	CZK 1.53

- IV. Where the carrier is distributed in order to promote another product, service or person as a special marketing product, without the right to sell it separately to end consumers (e.g. added to washing powder, cereals etc.), the rates specified in table 4 may be applied to the minimum royalty. The carrier has to be indelibly marked as a carrier not to be sold separately.
- V. In the case of the so-called **reissue**, which means situations where:
  - the film carrier is reissued after expiration of at least 1 year from the original release (the original release means the release on any carrier), and
  - the price of the carrier (PPD) subject to reissue is by at least 50% lower than the price under the original release, or
  - the carrier consists of a newly prepared compilation of works released earlier and the new carrier is sold for prices which are by at least 50% lower than the price of the cheapest carrier under the original release,

*the minimum royalty is reduced by 45%. The royalty remains unchanged.*

Table 3: Summary of royalties and minimum royalties for premium film carriers			
Royalty	3.50%		
Number of carriers (units)	total carrier length / minimum royalty for 1 carrier		
	< 29 min.	30 - 59 min.	> 60 min.
up to 499	CZK 0.51	CZK 1.02	CZK 1.53
500 -999	CZK 0.41	CZK 0.82	CZK 1.23
1000 - 1,999	CZK 0.36	CZK 0.71	CZK 1.07
2000 - 4,999	CZK 0.31	CZK 0.61	CZK 0.92
5,000 - 9,999	CZK 0.26	CZK 0.51	CZK 0.77
10,000 - 19,999	CZK 0.20	CZK 0.41	CZK 0.61
20,000 - 49,999	CZK 0.18	CZK 0.36	CZK 0.54
50,000 - 99,999	CZK 0.15	CZK 0.31	CZK 0.46
100,000 - 199,999	CZK 0.13	CZK 0.26	CZK 0.39
200,000 - 399,999	CZK 0.10	CZK 0.20	CZK 0.31
more than 400,000	CZK 0.08	CZK 0.15	CZK 0.23

- VI. The long-term agreement may be entered into by any subject who pays OSA an annual royalty at least in the amount of CZK 9,000 net of VAT.

## **2.3 Multimedia audio and audiovisual recordings**

- 2.3.1 Multimedia audio and audiovisual recordings (hereinafter referred to as “multimedia”) include the following:
- 2.3.2 carriers designated for use in personal computers and containing several types of work recordings (musical works, visual works, texts, audiovisual works etc.),
- 2.3.3 promotional and gift articles which offer the option to listen to music (toys, paper greeting cards etc.),
- 2.3.4 computer games on physical carriers.
- 2.3.5 The license includes an authorization of the use of OSA Repertoire in the production and distribution of multimedia to the public by sale and/or of the free distribution for the entire number of copies produced as agreed in the agreement. The royalty for granting the license is paid for the entire number of copies produced in the form of a one-time agreement.
- 2.3.6 No long-term agreement on multimedia distribution may be arranged.
- 2.3.7 Where the multimedia are distributed in order to promote (another) product, service or person as a special marketing product, without the right to sell them separately to end consumers (e.g. added to washing powder, cereals etc.), the royalty is reduced by 50%.
- 2.3.8 **The royalty** is fixed to the amount of:
  - I. **CZK 0.41** for each commenced minute of music from OSA Repertoire in the case of multimedia for sale,
  - II. **CZK 0.20** for each commenced minute of music from OSA Repertoire in the case of multimedia for free distribution.

## **2.4 Reproduction and distribution of audiovisual carriers of a personal nature (e.g. celebrations, weddings)**

- 2.4.1 The rate applies to the use of musical works from OSA Repertoire in the reproduction of works recorded in a personal video, solely in the form of audiovisual carriers (Section 13 CA), and in the distribution of those carriers by sale or other transfer of title (Section 14 CA) to the ordering party.
- 2.4.2 The license is granted for an unlimited period for the territory of the Czech Republic.
- 2.4.3 The royalty amounts to CZK 153 net of VAT for each produced personal video containing works from OSA Repertoire which is distributed in the maximum number of 100 reproductions. The royalty for each addition reproduction amounts to CZK 1,53 net of VAT.