EDITORIAL

SCPP: SERVING AN ENTIRE PROFESSION

When SCPP was created in 1985 (Lang Act), its main mission was to distribute the rights generated by the Private Audio Copying (Copie Privée sonore) and Equitable Revenue (Rémunération Équitable) schemes and to collect the broadcasting revenues for music videos. It was also responsible for defending producers’ rights, combating music piracy, supporting the musical creation and assigning ISRC codes in its capacity as the national agency. Three decades later, these missions are now much broader-ranging and have become essential components of the recording industry.

SCPP soon became aware of its role as a society at the service of producers and it has continuously evolved in order to adapt to the constraints, requirements and difficulties of their profession and to a constantly changing environment, in addition to new ways of listening to music, which always require new modes and types of revenue.

More than just a society responsible for managing music producers’ rights, SCPP has become one of the key operators in the music industry, serving an entire profession.

Marc Guez
General Managing Director of SCPP

APPENDICES

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Uses of music videos: management by the producer or collective management? 21
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SCPP collects and distributes revenues levied on behalf of its members from users of sound recordings and music videos.

SCPP has been responsible for the collective management and protection of sound recording and music video producers’ rights since 1985. Its members include the majority of independent French producers, in addition to independent European producers and the major international companies: EMI, Sony, Universal and Warner.

JOINING SCPP

Every month, SCPP receives numerous applications from production companies which, once approved by the Administrative Board, become associate members of SCPP.

SCPP members are then asked to declare their Repertoire to SCPP’s Corporate Registry department so that they can collect the revenues to which they are entitled.

To join SCPP, you must be:
• A producer of sound recordings
• The legal representative of a sound recording producer
• or an agent of a sound recording producer’s rights.

The membership terms and conditions are available on SCPP’s website (Memberships section).

1. **Allowing** users to use sound recordings and music videos belonging to the registries of SCPP in particular ways.

2. **Collecting** the revenues owed to producers from users.

3. **Distributing** the revenues collected by SCPP from users to producers.

4. **Distributing** the additional revenue to musicians, singers and singing artists, on behalf of the associate members of SCPP, according to the terms and conditions set out in Appendix III of the French National Collective Agreement on Phonographic Publishing (Convention collective nationale de l’édition phonographique - CCNEP).

5. **Combating** music piracy.

6. **Supporting** musical creation by allocating subsidies for the creation of sound recordings and music videos, for tours, and to bodies that support the broadcasting of live shows, musical creation and the training of artists. In addition, SCPP also signs agreements with around thirty performance venues each year.
COLLECTIONS EXTENDED TO NEW FIELDS AND BEYOND OUR BORDERS

Today, music is heard everywhere, on an ever-increasing range of media, often associated with new technologies. SCPP collects revenues for these new uses, regardless of the delivery media, by creating adapted tariffs. SCPP has also extended its collection mission outside France, thanks to the reciprocal agreements signed with numerous sister societies worldwide.

ONE OF THE LOWEST MANAGEMENT COSTS IN EUROPE

While France is now the leading European country for the collection of collectively managed producer’s rights, SCPP maintains one of the lowest management costs for collected revenues in Europe.

A NEW INFORMATION TECHNOLOGY ENVIRONMENT FOR GREATER TRANSPARENCY, INTERACTIVITY AND RESPONSIVENESS

SCPP is constantly developing its information technology environment to adapt to new fields and types of collection and offer our members a clearer view and greater transparency. It has thus created a new IT environment, new applications and interfaces that allow its members to declare their registries, monitor their cases and distributions online, and represent their registry abroad.

ONE OF THE KEY OPERATORS IN THE FIGHT AGAINST MUSIC PIRACY

Acting as a “combat force” for music producers, SCPP possesses a dedicated unit and specialist investigators. Each year, it manages to shut down hundreds of websites and delete thousands of links that provide illegal access to its members’ music files. Its legal actions against infringers, its training programme (delivered to French Regional Customs Directorates, police forces and the gendarmerie) and its collaboration with Hadopi (French law protecting literary and artistic property on the Internet) makes it one of the key operators in the fight against piracy.

OVER €10 MILLION DEDICATED TO SUPPORTING CREATION EACH YEAR

In addition to aid for the creation of sound recordings and music videos, the specialist commission allocates part of the budget to around thirty performance venues, for use by its members. Each year, 80% of grant applications submitted to SCPP receive a favourable response. Members can access a website dedicated to the aid system, which allows them to submit their applications, monitor the progress made in their processing and consult the decisions of the Administrative Board.

EXCEPTIONAL AID IN SUPPORT OF THE PROFESSION

Committed to working alongside producers, international companies and independent operators, SCPP has helped producers on several occasions by giving grants to those in difficulty due to the disappearance of their distributor. In this way, it has asserted its desire to improve the financial security of phonographic production while still promoting musical creation.

SCPP IS RESPONSIBLE FOR...
AUTHORISING USERS TO USE OUR MEMBERS’ SOUND RECORDINGS AND MUSIC VIDEOS

• RIGHTS OF SOUND RECORDING AND MUSIC VIDEO PRODUCERS

Rights relating to copyright, established by the Act of 3 July 1985 and introduced into the French Intellectual Property Code (Code de la propriété intellectuelle), give producers the exclusive right to licence or prohibit:
• Reproduction
• Transmission to the public
• Making available their recordings (sound recordings or music videos) to the public.

Producers can manage their rights individually or, in certain cases, entrust their management to SCPP in the framework of mandates.

Consult the appendix: Uses of a sound recording or a music video: management by the producer or collective management? (p. 20)

• GENERAL CONTRACTS OF COMMON INTEREST (CONTRATS GÉNÉRAUX D’INTÉRÊT COMMUN): FACILITATING THE ACQUISITION OF RIGHTS

In the framework of the mandates that it receives, SCPP proposes to enter into General Contracts of Common Interest with music users. These contracts are designed to facilitate the users’ intended use of sound recordings and music videos belonging to the repertoire of its producer members.

This collective management mechanism authorises users to exploit some or all of SCPP’s Corporate Repertoire without requiring them to seek the permission of each individual producer.

• THE MAIN USES LICENCED BY GENERAL CONTRACTS OF COMMON INTEREST (EXCLUSIVE RIGHT TO LICENCE):

• Broadcasting of music videos by television stations;
• Use of music videos in public places;
• Use of extracts of sound recordings and music videos in the framework of online services (Internet);
• Use of extracts of sound recordings in the framework of interactive vocal services;
• Use of sound recordings in the framework of interactive listening terminals;
• Use of sound recordings for sound systems in public places, for shows and exhibitions;
• Use of sound recordings for the soundtracks of certain audiovisual programmes;
• Use of sound recordings in the context of music on hold (SCPA);
• Use of sound recordings in the framework of non-interactive and semi-interactive webcasting (Internet radio stations) and podcasting.
1 - DIRECT COLLECTIONS

In return for the authorisations given by SCPP in the framework of the General Contracts of Common Interest, the society collects revenues directly from the users.

Consult the Appendix: From the user to the entitled party: financial flows. (p. 22)

► MUSIC VIDEOS

SCPP collects the revenues associated with the reproduction and public transmission of its members’ music videos directly from the publishers of audiovisual communication (TV) departments.

► SOUND RECORDINGS

SCPP collects the revenue associated with the reproduction, public transmission and/or provision of sound recordings relating to its Corporate Repertoire, directly from:
• Publishers of audiovisual communication (TV) services
• Publishers of online services
• Operators of sound systems for public places
• Publishers of interactive voice services
• Publishers of interactive listening terminals
• Suppliers and users of call waiting telephone systems
• Theatres and producers of shows
• Publishers of Internet radio stations and podcasting services.

The revenue collected from broadcasters depends on:
• The number of reproductions for suppliers of call waiting music
• Number of clicks for online servers
• Number of hours of reproductions for sound system operators (physical media)
• Turnover (with a minimum guaranteed amount per site) for sound system operators of satellite/ADSL broadband/automated broadcasting systems
• Number of references produced for hypermarket terminals
• Turnover for surcharged Audiotel
• Turnover for webcasting and podcasting
• Turnover and usage rate of sound recordings for publishers of audiovisual communication (TV) services
• Turnover and playback duration of sound recordings for producers of shows
• Number of incoming and mixed lines for music on hold (collection carried out by the SCPA).

Consult the appendix: SCPP’s distribution rules. (p. 23)

2 - INDIRECT COLLECTIONS

In accordance with the law, certain uses of sound recordings and music videos are exempted from the producer’s exclusive right to authorise (Droit exclusif d’autoriser). In this case, the users do not need to obtain permission, but they must pay a revenue.

Several societies collect these revenues, which they then pay out to the collective management societies representing the different entitled parties (authors, producers and performers), these societies are responsible for distribution to their members.

► EQUITABLE REMUNERATION (REMUNÉRATION EQUITABLE).

When a sound recording is broadcast on the radio, in a nightclub or in a public place equipped with a sound system (restaurant, shopping centre, hairdresser’s, etc.), no authorisation is required from the producer and performer. In return for this legal licence, these entitled parties benefit from a right to revenue known as “Equitable Revenue”, which is collected by the SPRE’s intermediary and then paid out to the societies of producers (50%) and performers (50%).

► PRIVATE AUDIO COPYING

The revenue owed under the terms of the “copie privée sonore” (Private Audio Copying) scheme is paid by the manufacturer and importer of blank recording media to the relevant management society: Copie France. This revenue is then paid out to the societies of authors (50%), producers (25%), and performers (25%).

► PRIVATE AUDIOVISUAL COPYING

The Copie France society is also responsible for collecting the revenue owed under the terms of the “copie privée audiovisuelle” (Private Audiovisual Copying) scheme from the manufacturers and importers of blank recording media. This revenue is then paid out to the societies of producers, authors and performers in equal proportions (33.33%).
SCPP distributes to its members the sums collected on their behalf. This information is processed by specific information technology resources which accurately associate each actual use with a revenue. The detailed calculations are set out in the appendix of this document: SCPP’s distribution rules. (p. 23)

SCPP distributes the revenues generated abroad

Thanks to the bilateral and reciprocal agreements signed by SCPP with a large number of international collective management societies, SCPP’s members, via SCPP, are able to collect the revenues that their creations have generated by being broadcast and/or reproduced abroad.

SCPP has signed agreements with the following societies in particular: Sound Exchange (USA), GVL (Germany), PPL (RU), SENA (Netherlands), Gramex (Finland), IFPI Svenska Grupper (Sweden), Grammo (Greece), Soproq (Canada), SCF (Italy), Bundesverband Musik Industrie (Germany), Jams (Jamaica), UMA (Ukraine), RPA (Russia), OFPS (Serbia) and SIMIM (Belgium).

1 - SOUN D RECORDINGS

Equitable Revenue

SCPP allocates the revenues on the basis of the actual use of the sound recordings in the framework of General Contracts of Common Interest, the public, the user enters into a contract with SCPP. In the framework of General Contracts of Common Interest, the user undertakes to provide records of broadcasting and/or reproduction that mention, in particular, the titles, names of performers, name of the label and the actual broadcasting duration of the sound recordings transmitted to the public. The distribution takes place in June and November of the year following the collection.

Sound systems installed in public places: while the broadcasting of sound recordings in a public place is governed by Equitable Revenue, their reproduction, on the other hand, is governed by the right to authorise (Droit d’autoriser). On these grounds, the sound system operator pays a revenue that is distributed according to the number of reproductions on physical media of sound recordings in the producer’s repertoire for the sound system, or according to the turnover with a minimum guaranteed amount per site (via satellite/ADSL broadband/automated broadcasting system).

Supply and use of music on hold: The amounts collected in consideration for the reproduction right and the public transmission right are distributed to each producer according to the actual uses of their sound recordings (number of reproductions and number of lines).

2 - MUSIC VIDEOS

Other uses of sound recordings

The other uses of sound recordings are governed by the producer’s right to authorise. In this case, to obtain the rights of reproduction, provision and/or transmission to the public, the user enters into a contract with SCPP. In the framework of General Contracts of Common Interest, the user undertakes to provide records of broadcasting and/or reproduction that mention, in particular, the titles, names of performers, name of the label and the actual broadcasting duration of the sound recordings.

Other uses of sound recordings

The other uses of sound recordings are governed by the producer’s right to authorise. In this case, to obtain the rights of reproduction, provision and/or transmission to the public, the user enters into a contract with SCPP. In the framework of General Contracts of Common Interest, the user undertakes to provide records of broadcasting and/or reproduction that mention, in particular, the titles, names of performers, name of the label and the actual broadcasting duration of the sound recordings.
SCPP ensures that producers benefit from a legal and technological environment that allows them to exercise their profession under the best possible conditions.

- SCPP IS RESPONSIBLE FOR...
  - Informing its members about laws and regulations relating to the related rights and contractual agreements that it has negotiated and is monitoring for the collection of revenues.
  - Conducting information activities and making proposals to the legislator, ministries and the French Broadcasting Authority (Conseil Supérieur de l’Audiovisuel - CSA).
  - Participating in the activities of the Committees of the French Literary and Artistic Property Authority (Conseil Supérieur de la Propriété Littéraire et Artistique - CSPLA), the French Anti-Piracy Committee (Comité National Anti-Contrefaçon-CNAC), HADOPI, and the Private Copying Commission (Commission de la Copie Privée).
  - Conducting lobbying activities at the European and international levels (draft European Community directives and draft international agreements).
  - Participation in the drafting of MPEG and DDEX technical standards.

SCPP is the French National Agency for the ISRC code. It is responsible for the promotion and administration of the code in France.
Piracy is a generic term that refers to the fixation, reproduction or provision (especially by the sale or on the Internet) of illegal sound recordings, i.e. made without the authorisation of the producer or the performers.

Piracy is a parasitical activity; it is the theft of someone else’s property and is a crime punishable by law. It deprives authors, performers and producers of the revenues essential to their activity. It does serious harm to musical creation and the development of new artists.

SCPP is authorised by its associates to take legal action in order to put an end to any infringement of the producers’ rights set out in article L335-4 of the Intellectual Property Code. This article provides for any fixation, reproduction, transmission or provision to the public of a sound recording or music video without the producer’s permission, against payment or free of charge, to be punishable by a three-year prison sentence or a fine of €300,000. The same penalties apply to any importation or exportation of counterfeit sound recordings or music videos.

RESOURCES:
• An anti-piracy office which coordinates prevention actions, the preparation of cases and repression.
• A team of sworn agents that record infringements and facilitate legal actions. The team’s work is performed in close collaboration with SACEM/SDRM and IFPI and also with units of the French Gendarmerie, the police and customs.
• The anti-piracy office is assisted by internal and external legal counsels in the implementation of prosecution procedures.

ACTIONS OF THE ANTI-PIRACY OFFICE:
• Combating Internet piracy
  The mechanism includes investigations conducted by SCPP’s Anti-Piracy Office that seek to identify pirate servers and websites, in addition to prevention and repression actions, and collaborations with the IFPI and the other anti-piracy bodies (SACEM/SDRM, ALPA). In the framework of the “Creation and Internet” (Création et Internet) Act, SCPP transmits daily reports to HADOPI on the illegal provision of sound recordings and music videos carried out via P2P exchange systems, which are drawn up by sworn agents.

• Raising the awareness of members of the magistrature, police and customs with regard to new piracy techniques and keeping them informed of the negative consequences of the phenomenon.

• Combating traditional piracy (bootlegs, partial copies, whole copies and copies on CD-R)
  For this form of piracy, SCPP can rely on a solid record of judicial precedents and exemplary results: one of the world’s lowest piracy rates and many convictions of pirates.
In accordance with the Intellectual Property Code, SCPP allocates a proportion of the revenues that it collects under the terms of Equitable Revenue and Private Copying to actions that support the creation and transmission of the performing arts and to training activities for artists.

THE CREATION SUPPORT COMMISSION (COMMISSION D’AIDE À LA CRÉATION)

Each month, a 9-seat committee elected each year by the General Assembly of SCPP examines subsidy applications and submits its proposals to the Administrative Board. The Administrative Board makes decisions concerning the allocation of aid and SCPP monitors the implementation of each project that is supported.

GRANT BENEFICIARIES
The following parties are eligible to receive grants:
• Producers of sound recordings, associates of SCPP
• Professional bodies that manage operations of general interest.

GRANTS ALLOCATED BY SCPP
• Creation of sound recordings
• Creation of music videos
• Tours
• Agreements with performance venues
• Special projects (Bureau Export de la musiquă française, Francophonie Diffusion, FCM, Victoires de la Musique, Studio des Variétés, etc.).

SCPP also supports organisations that support the transmission of the performing arts, musical creation and the training of performers.
USES OF A SOUND RECORDING: MANAGEMENT BY THE PRODUCER OR COLLECTIVE MANAGEMENT?

- Copying for private use
  (Private Audio Copying - Copie Privee Sonore)
- Simulcasting (radio or TV) and cable services
  (Equitable Revenue)
- Direct transmission in a public place
  (Equitable Remunération)
- Reproduction for sound systems in public places or
  exhibition venues (excluding shows)
- Sound system for shows
- Primary distribution by cable or satellite (without terrestrial simulcasting)
- Provision of extracts in the framework of an online
  service (listening on demand), of an interactive
  voice service (Audiotel), or by interactive listening
  terminal
- Sound track for an online (Internet) service
- Provision of music on hold
- Webcasting and Podcasting
- Listening in full via an interactive consultation
  terminal in the framework of an educational and
  cultural service/institution
- Sound tracks of certain audiovisual programmes

COLECTIVE MANAGEMENT
BY THE SCPP

Mandatory Collection
— Remuneration Right — (Declaration)

Voluntary Collection
— Right to Authorise — (Mandate)

Individual Management
BY THE PRODUCER

Direct Collection
— Right to Authorise —

USES OF A MUSIC VIDEO: MANAGEMENT BY THE PRODUCER OR COLLECTIVE MANAGEMENT?

- Copying for private use
  (« Copie privée audiovisuelle »)
- Broadcasting terrestrially, by cable and by satellite
- Broadcasting in a public place
- Viewing of extracts on demand in the framework
  of an online (Internet) service or via an interactive
  terminal
- Webcasting
- Viewing on demand and in full via an interactive
  consultation terminal in the framework of an educa-
tional and cultural service/institution
- Provision to the public via the sale, rental or
  transmission on demand
- Use of music videos in the framework of an
  audiovisual programme not intended for television
- Illustration of an advertising message
- Viewing on demand and in full in the framework
  of an online (Internet) service
- Viewing of extracts on demand in the framework
  of certain customisation services, especially of
  mobile telephones

Colective Management
BY THE SCPP

Mandatory Collection
— Remuneration Right — (Declaration)

Voluntary Collection
— Right to Authorise — (Mandate)

Individual Management
BY THE PRODUCER

Direct Collection
— Right to Authorise —

INDIVIDUAL MANAGEMENT
BY THE PRODUCER

DIRECT COLLECTION
— RIGHT TO AUTHORISE –
FROM THE USER TO THE ELIGIBLE PARTY: FINANCIAL FLOWS

**Users**
- Radio & TV stations, disk distributors, bars, clubs, hotels, restaurants, shops, etc.
- Manufacturers and importers of blank media (audiovisual)
- Manufacturers and importers of blank media (audiovisual)
- TV stations and public places (music videos, within emotions, interactive music videos (i.e., couples who are dancing, interactive listening terminals, sound systems for public places in trains, self-ordering vending machines, webcasting and podcasting)

**Collection**
- SPPC
- COPIE France

**Collective Management Companies**
- 50% Producers SPPC / SPPF
- 50% Authors, Composers, Publishers
- 25% Performers ADAMI / SPOBADAM

**Eligible Parties**
- Producers SPPC and SPPF (producers who pay the remuneration to the artists)
- Performers, Authors, Composers, Publishers, Producers

**THE SCPP’S DISTRIBUTION RULES**

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**The SPPC’s Distribution Carried Out by COPIE France**

- The distribution is carried out at the following rates:
  - 10% according to the number of professional sound systems operating
  - 50% according to the number of listeners
  - 10% according to the number of sound recordings

- The remuneration is calculated based on the number of listeners and the number of sound recordings.