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ONLINE MUSIC APPLICATIONS

INTRODUCTION

Just as you pay for use of other forms of property, you must also pay for the use of musical property administered by COTT on behalf of our members and through our international affiliations with other similarly constituted overseas collecting societies. After all the presence of music adds value to a website - for example, by increasing the number and length of visits to that site. It only makes sense for the owner of the music copyright to be compensated fairly for the value that music brings to a website.

COTT has developed licence schemes that fit current online music applications.

Using music online is not just about downloads, it covers webcasters, simulcasters, net concerts, clips and mobile phone ring tones to name a few. The schemes authorise licensees to make reproductions of musical works and communicate those works to the public according to the terms and conditions of that licence.

If the schemes described below do not fit your particular type of application, please contact the Online Licensing Department via email at mechanicals@cott.org.tt or by phone on 624-2688 / 623-6101/7311.

Net Radio (corporate site)

Some companies wish to operate net radio services as an adjunct to their website and COTT has devised a separate scheme for such operations. The requirements are the same for commercial operations other than:

- the main website from which the service is accessed must not contain any advertising (other than products and services made by the company) and the radio service must not carry advertising or sponsorship announcements in-stream; and :
- there is a flat quarterly fee of \$5,000.00 (per quarter) for the first channel and \$1,000 for any additional channel.

Active Radio

The Net offers radio programmers new tools to ensure their play list reflects what their listeners want. Listeners can vote in real-time on the music that they hear - songs that receive more votes may be played more often and songs that do poorly may be dropped. Importantly the service is still transmitted on a point to multi-point basis so that all listeners receive the same content simultaneously.

The licensee must provide a complete music return to COTT so that accurate royalty distributions may be made.

Licence fees are assessed as follows:

- 2.5% of the service's revenue;
- subject to a minimum fee of \$2,500.00 per quarter, plus an additional minimum fee per quarter of \$500.00 per additional channel.

Music Concert Webcasts

A popular use of music on the Net is the webcasting and archiving of music concerts, carnivals and festivals. Webcasting enables the operator to increase the potential audience of the concert by:

- reaching people with the live transmission who cannot attend the concert (including overseas "Trinis"); and
- providing highlights of, or the entire concert on an archival basis so people can access the performances after the event.

Licence fees are based on a percentage of revenue against a minimum fee. The percentage rate is 1.5% if there is no archiving of the concert(s) and 2% if you want to archive all or part of the concert or festivals.

The minimum fees per quarter are outlined below. 'Hours' represents the webcast duration of the concert.

Licence Type	Live Only	Live Plus Archival
Single Concert (broadband content)	\$500.00 per quarter for up to 1 hour; plus \$150.00 per quarter per additional hour or part thereof subject to a maximum of \$950.00 (ie. flat fee after 4hrs)	Per 'Live Only' except rate in first quarter is 10% higher, and fees in subsequent quarters are assessed at 1/5 th of the first quarter's fee.
Single Concert (narrowband)	\$400.00 per quarter for up to 1 hour; plus \$100.00 per quarter per additional hour or part thereof subject to a maximum of \$700.00 per quarter (ie. flat fee after 4hrs)	Per 'Live Only' except rate in first quarter is 10% higher and fees in subsequent quarters are assessed at 1/5 th of the first quarter's fee.
Multiple Concerts (broadband content)	\$5,000.00 per quarter	\$6,000.00 per quarter
Multiple Concerts (narrowband content)	\$4,000.00 per quarter	\$4,500.00 per quarter
Carnival and Music Festivals	n/a - treated as a concert	n/a - treated as a concert

Online Music Retail

Music may be sold online in two ways. The first is where consumers purchase physical CDs from an online record store (i.e. while payment is made online the delivery is via post or courier). The second is where consumers actually purchase and download music from the Net.

For the former service many sites carry preview clips of the songs/albums they have for sale. COTT's licence starts from \$250.00 per quarter-this allows up to 100 clips on the website (i.e. the licensee, providing no more than 100 clips are accessible at anyone time, may change, add or delete clips at will). The quarterly fees applicable are reproduced below.

Maximum Number of Clips	Fee (per quarter)
Up to 100	\$250.00
101 to 500	\$650.00
Over 500	\$1,350.00

For digital download services the licence fee is 6% of the price of the download.

Looped Background Music (Websites)

Being able to have music playing in the background while users move around your website creates an ambience or atmosphere conducive to your business interests, which is otherwise not present.

COTT has three user-based schemes for commercial, not-for-profit and private individual websites. Music cannot be used where it is synchronised with particular images on the website – that is the playing of music **must** be completely independent of the users progress through the site. A minimum of three separate works must be used in the loop. The rates are as follows:

Client Type	Fee (per quarter)
Corporate	\$1,350.00
Non-profit	\$650.00
Private Individual	\$300.00

On-Demand Clips and Works

Many dot.coms have music clips (audio or video) or whole songs that may be accessed from their website. The use is wide and varied from online music magazines to personal use sites. In each instance a licence is required.

The following table sets out the applicable rates for **narrowband** Music/Entertainment sites using clips, songs and/or videoclips. "Static" means the licensee must not change the clips during the quarter but can change from one quarter to the next (e.g. a quarterly online music magazine). "Dynamic " means the licensee may change, add and delete clips or works as required (e.g. a site having clips of the weekly top ten would be considered "dynamic").

Maximum Number of Songs	Maximum Number of Clips	Static Quarterly Fee	Dynamic Quarterly Fee
Up to 4	Up to 20	\$250.00	\$500.00
5 to 10	21 to 50	\$500.00	\$1,100.00
11 to 20	51 to 100	\$800.00	\$1,600.00
21 to 40	101 to 200	\$1,100.00	\$2,200.00
40 plus	200 plus	\$1,100.00 plus \$400.00 per additional 100 Clips or 20 Songs or part thereof	\$2,200.00 plus \$800.00 per additional 100 Clips or 20 Songs or part thereof

For personal websites the following table sets out the minimum applicable rates:

Suggested Minimum Fee (per annum)	Maximum Number of Songs	Maximum Number of Clips	Static Annual Fee	Dynamic Annual Fee
	1	Up to 5	\$250.00	\$500.00
	2 to 5	6 to 25	\$500.00	\$1,000.00

Note that use of more than 5 songs or 25 clips is not permitted under this agreement - higher use to be charged per rates for non-personal websites.

For General Purpose websites wanting to use clips, songs and/or videoclips, the following table outlines the minimum applicable rates:

Suggested Minimum Fee (per quarter)	Maximum Number of Songs	Maximum Number of Clips	Static Quarterly Fee	Dynamic Quarterly Fee
	Up to 4	Up to 20	\$500.00	\$800.00
	5 to 10	21 to 50	\$1,100.00	\$2,200.00

Use of more than 10 songs or 50 clips is not permitted under this licence. Note clips can be exchanged at the rate of 5 clips per 1 full song.

Mobile Phone Ringtones

Mobile ringtones will be licensed jointly for the mechanical or reproduction rights and the communication to the public rights.

The COTT licence authorises a number of reproductions that include:

- the initial fixing of the work in a midi (or other file) format (the "ringtone");
- the reproduction of that ringtone onto a server for the purpose of downloading the ringtone onto mobile phones;
- the reproduction of that ringtone (in that or another format) onto a webpage for the purpose of providing a preview of the ringtone to potential customers; and
- the reproduction of the ringtone onto a mobile phone

The fees that apply:

- \$0.50 for the initial fixing of each ringtone (a one-off fee per work); and
- 6% of the retail price of the ringtone, subject to a minimum fee of \$0.30 per sale.

The COTT licence also authorizes:

- The communication of ringtones via a streaming media application and for-sale ringtones to mobile phones. The fee is 2.5% of the ringtone's retail price, subject to a minimum fee of TT\$0.06 per sale in a monophonic or polyphonic format or 5% of the ringtone's retail price, subject to a minimum fee of TT\$0.12 per sale in a phonographic format.