

Copyright Board
Canada



Commission du droit d'auteur
Canada

NEWS RELEASE

**The Copyright Board of Canada
sets royalties to be paid by Internet music streaming services
for the use of sound recordings
for the years 2009 to 2012**

May 16, 2014

Ottawa. Today, the Copyright Board of Canada issued a decision setting the royalties that Internet music streaming services and similar services need to pay for their use of sound recordings.

More specifically, today's decision sets the royalty rates webcasters must pay to Re:Sound Music Licensing Company (Re:Sound) for the use of sound recordings in their non-interactive and semi-interactive webcasts. The decision also set the royalties payable by the Canadian Broadcasting Corporation (CBC) as well as by non-commercial webcasters for their webcasting activities.

The tariff rate for commercial webcasters is set at 10.2 cents per 1,000 plays. While Re:Sound was asking for a rate of between \$1 and \$2.30 per 1,000 plays, the rate set by the Board is close to what the users participating in the hearing (including Pandora) were suggesting.

Since the Board sets a rate per play, the total amount of royalties paid by each webcaster will vary according to the number of plays made during a year. The Board estimates however that a large music streaming service, with annual revenues of about \$130,000, will pay annual royalties of about \$7,000. Smaller sized webcasters will pay a lower amount, subject to a minimum fee of \$100 per year.

For CBC, the tariff rate is set at 13.1 cents per 1,000 plays. This slightly higher rate is essentially a reflection of a higher use of the Re:Sound repertoire by CBC than by commercial webcasters. The Board estimates that as a result of the rate it sets, CBC will be paying annual royalties of about \$36,000.

Finally, the tariff rate for non-commercial webcasters is set at \$25 per year. According to the Board, this fee is appropriate given the incidental nature of the webcasting activities of community systems and other not-for-profit webcasters.

Mr. Gilles McDougall, Secretary General of the Board, said that “the Board estimates that the total royalties generated for Re:Sound by the tariff certified today is about \$500,000 per year.” This estimate takes into account webcasters that have launched or that may launch in the near future in Canada.

“I believe that royalties to be paid in respect of the tariff set today are fair and equitable for both the users and the copyright owners. These royalty rates will not be an impediment for webcasters to do business in Canada”, Mr. McDougall added.

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Note: The Certified Tariff, along with the Reasons and a Fact Sheet can be found on the Board’s Website under “What’s New – Recent Decisions” at: <http://www.cb-cda.gc.ca/home-accueil-e.html>.