

PRS for MUSIC
LIMITED ONLINE MUSIC LICENCE
STANDARD TERMS AND CONDITIONS

1. Definitions

"the Act" means the Copyright Designs and Patents Act 1988, as amended from time to time.

"Agreement" means these terms and conditions, the schedules to these terms and conditions and the AFL completed and submitted online by the Licensee.

"AFL" means the online application form with which the Licensee applies for a licence under this Agreement.

"Associated Society" means each collecting society (or other body representing rights in Musical Works) with which MCPS and/or PRS has, from time to time, an agreement under which MCPS and/or PRS is authorised to grant licences in relation to the other society's (or body's) repertoire for the purpose of this Agreement PROVIDED THAT where such an agreement is only entered into after the commencement of the Term, a collecting society (or other body) shall only be regarded as an "Associated Society" for the purposes of this Agreement with effect from the date of signature of such agreement with MCPS and/or PRS (as applicable).

"Audio-Visual Material" means any specific presentation of Musical Works in conjunction with images, whether moving or still. For the avoidance of doubt (but without prejudice to the express restrictions contained in this Agreement), the following shall not be treated as Audio-Visual Material for the purpose of this Agreement:

- (a) the fact that ordinary web pages (or equivalent) are visible to the User while the User is listening to music; or
- (b) the fact that the media player used to play the music generates random visual images while the music is playing;

provided, in both cases, that the User would not reasonably be expected to associate the Repertoire Works being played with the images presented or think that there is any deliberate association by the Licensee of the Repertoire Works with such images.

"Clip" means an audio-only or audio-visual sound recording of a Musical Work which a User may receive by streaming on-demand via a Network (where the time and place at which such Musical Work is received is selected by the User), provided that the duration of any Clip shall be no longer than 30 seconds in length for all Musical Works except for Musical Works of 10 minutes duration or longer where Clips shall last no longer than 60 seconds.

"Clips Service" means a service (or the relevant part of a service), other than an Excluded Service, whereby a User may receive a Clip to listen to a Musical Work before purchasing a product or service other than a full track download. A Clips Service is intended to cover Clips used on websites selling MCPS licensed physical audio products, Clips used on bands'/artists' websites where the purpose of the Clips is to promote the band/artist on their own website and Clips used on websites promoting live music events.

"Commencement Date" means the start date of the licences granted under this Agreement required by the Licensee and set out in the AFL.

"Commercial Work" means each Musical Work (excluding Production Music Works and Commissioned Works) to the extent the relevant copyright is owned or controlled, from time to time, in the United Kingdom by MCPS, including, without limitation, by virtue of its agreements with Members and Foreign Societies. If one or more of those who own or control the relevant copyright in a Commercial Work is not MCPS, the expression "Commercial Work" shall only apply to such interest in the Commercial Work as is owned or controlled by MCPS.

"Commissioned Work" means a Musical Work specially and expressly commissioned by the Licensee from composer/writer members of PRS and/or MCPS.

"Content" means Audio-Visual Material other than content consisting of an audio-visual Ringtone (or so-called "vid-tone").

"Data Storage Device" means any medium on which data can be stored (whether temporarily or permanently) whether existing now or invented in the future.

"Device" means a portable or static electronic communications device which is capable of allowing Users to communicate with each other via wire and/or wireless networks and which is capable of playing a Ringtone.

"Download" means the communication to the public of any one Musical Work, Ringtone or item of Content, whereby such Musical Work, Ringtone or item of Content may be retained by the User on a permanent basis. For the avoidance of doubt, the communication to the public for retention by the User on a permanent basis of ten (10) Musical Works shall be treated as ten (10) separate Downloads.

"Dramatico-Musical Work" means any ballet, opera, operetta, musical, musical play or work of a similar nature.

"Excluded Service" means any service (or the relevant part of a service) which falls within the scope (from time to time) of any of the following MCPS/PRS licensing schemes:

- (a) MCPS – Karaoke and MIDI scheme;
- (b) MCPS – Music-on-hold scheme;
- (c) MCPS & PRS – Music Services B2B;
- (d) MCPS – Premium Telephone Line Services scheme;
- (e) PRS – Premium Telephone Line Services scheme;
- (f) MCPS & PRS Joint Ringback scheme;
- (g) MCPS & PRS B2B Music Preview scheme.

“General Entertainment Download Service” means a service (or the relevant part of a service), other than an Excluded Service, offering items of Content to be communicated to the public via a Network in the form of a download and where such download may be retained by the User on a permanent basis.

“General Entertainment On Demand Service” means a service (or the relevant part of a service), other than an Excluded Service or a General Entertainment Download Service whereby a User may receive an item of Content by streaming on-demand via a Network (where the time and place at which such Content is received is selected by the User) and/or by way of Limited Download.

“Gross Revenue” shall have the meaning set out Schedule 1. Broadly, Gross Revenue means all revenue received (or receivable) by the Licensee from Users in consideration of the provision of the Licensed Services and all other revenue received (or receivable) by the Licensee as a result of the provision of the Licensed Services such as, without limitation, advertising and sponsorship fees. For the avoidance of doubt, this is by way of a summary only. The definition of Gross Revenue applicable to this Agreement is the definition set out in Schedule 1.

“Interactive Webcast Service” means a service (or the relevant part of a service), other than an Excluded Service, by which Musical Works are communicated to the public via a Network and:

- (a) no permanent or temporary copy of any Musical Work is retained by the User; and
- (b) such service is neither a Webcasting Service, a Music Download Service, Music On Demand Service, a Music On Demand Karaoke Service or a Simulcast Service.

“Karaoke Exclusions List” means the list of groupings of Repertoire Works (such as repertoire of significant publishers or significant associated societies) that are excluded from being reproduced as or communicated to the public as Karaoke Versions of Repertoire Works under this Agreement. This list can be found at the website set out at Schedule 3 and is subject to change from time to time.

“Karaoke Version” means Musical Works which are offered in the form of “karaoke” so that the lyrics of the Musical Work appear graphically onscreen as the music plays (but, for the avoidance of doubt, cannot be printed in physical form) or reproduced in any form where the music is not playing.

“Licensed Service(s)” means the service(s) set out in the AFL, save that in respect of a Music on Demand Karaoke Service or a Music Download Service, the Licensors shall confirm to the Licensee whether such services are Licensed Services under this Agreement in writing.

“Licensee” means the party that submits an AFL and is granted a licence by the Licensors.

“Licensors” means PRS and MCPS.

“MCPS” means Mechanical-Copyright Protection Society Limited whose registered office is at 2nd Floor, Synergy House, 114-118 Southampton Row, London, WC1B 5AA,

contracting for and on behalf of itself and for and on behalf of and as agent or licensee of its various Members and affiliated societies.

“Member” means:

- (a) in the case of MCPS, each person, firm or company who or which, from time to time, has appointed MCPS as agent in relation to online exploitation either before or during the Term, other than where such person, firm or company has opted not to participate in the licensing scheme pursuant to which this Agreement has been entered into, PROVIDED THAT a member who has so appointed MCPS after the commencement of the Term shall only be regarded as a member for the purposes of this Agreement with effect from the date on which the Member so appointed MCPS; and
- (b) in the case of PRS, any person, firm or company who or which, from time to time, pursuant to the Articles of Association of PRS has been admitted either before or during the Term as a member of PRS, other than where such person, firm or company has reserved to himself the relevant rights pursuant to Article 7(cd) of the Articles of Association of PRS (or other equivalent article) PROVIDED THAT a member who has been so admitted after the commencement of the Term shall only be regarded as a member for the purposes of this Agreement with effect from the date of admission into PRS.

“Music Download Service” means a service (or the relevant part of a service), other than an Excluded Service or a Music Download Karaoke Service, offering Permanent Downloads.

“Music Download Karaoke Service” means a service (or the relevant part of a service), other than an Excluded Service, offering Permanent Downloads in the form of Karaoke Versions.

“Music On Demand Service” means a service (or the relevant part of a service), other than an Excluded Service or a Music on Demand Karaoke Service whereby a User may receive a Musical Work by streaming on-demand via a Network (where the time and place at which such Musical Work is received is selected by the User) and/or by way of Limited Download. Any service falling primarily within the foregoing definition but which also includes elements which fall within the definition of Interactive Webcast Service and/or Webcast Service shall be deemed in its entirety to be a Music On Demand Service.

“Music On Demand Karaoke Service” means a service (or the relevant part of a service), other than an Excluded Service) whereby a User may receive a Karaoke Version of a Musical Work by streaming on-demand via a Network (where the time and place at which such Musical Work is received is selected by the User) and/or by way of Limited Download. Any service falling primarily within the foregoing definition but which also includes elements which fall within the definition of Interactive Webcast Service and/or Webcast Service shall be deemed in its entirety to be a Music On Demand Karaoke Service.

“Music Podcasting Service” means a service (or the relevant part of a service) whereby Podcasts (as opposed to individual Musical Works) containing music may be communicated to the public via a Network to Users such

that Users may retain a copy of such Podcast on their Data Storage Devices (whether permanently or temporarily).

"Musical Work" means any musical work (as defined in the Act) and any lyrics or words, including in graphical form in respect of Karaoke Service only, written to be used with such musical work (if applicable). It includes any part of such a work.

"Music Usage Declaration" means the information referred to in clause 6.1, to be provided in the form set out at Schedule 2.

"Network" means the internet, a mobile network or any other wired or wireless network.

"PMSR" means any production music sound recording being a sound recording (as opposed to a Musical Work) to the extent the relevant copyright is owned or controlled, from time to time, in the United Kingdom by MCPS, including, without limitation, by virtue of its agreements with Members and Foreign Societies and where MCPS has been authorised to license such recordings as so-called production or library music. If one or more of those who own or control the relevant copyright in a sound recording is not MCPS, the expression "PMSR" shall only apply to such interest in the "PMSR" as is owned or controlled by MCPS.

"Permitted Excerpts" refers only to Dramatico-Musical Works and means excerpts where the use of all such excerpts in any Audio-Visual Material complies with all the following limitations:

- (a) the total duration of the excerpts does not exceed 20 minutes;
- (b) the use is not a "potted version" of the Dramatico-Musical Work;
- (c) the use is not or does not cover a complete act of the Dramatico-Musical Work;
- (d) each excerpt is not presented in a "dramatic form" as defined below; and
- (e) as regards ballets specifically devised for television or excerpts from existing ballets, the total duration does not exceed five minutes.

A dramatic form shall be deemed to be created only by a performance in which there is a distinct plot depicted by actors and where the story of the Dramatico-Musical Work and/or its associated words is woven into and carries forward the plot and its accompanying action (a dramatic form shall not, for example, be deemed to be created by the use of costume, scenery, and/or any dance routine merely to provide an acceptable presentation of the work). For the purposes of this paragraph the word "actors" shall include actors, singers, mimics and/or puppets.

"Permitted Service" means a service or the relevant part of a service which is:

- (a) a Music Download or Music Download Karaoke Service;
- (b) a Music On Demand or Music on Demand Karaoke Service;

- (c) an Interactive Webcast Service;
- (d) a Webcasting Service;
- (e) a Music Podcasting Service;
- (f) a Clips Service;
- (g) a General Entertainment On Demand Service;
- (h) a General Entertainment Download Service;
- (i) a Ringtone Service; or
- (j) any combination of (a) to (i) above;

subject always to the limits as set out in AFL.

"Podcast" means a downloadable, audio only programme that contains both music and speech where the Podcast cannot be disaggregated into its individual tracks.

"Production Music" means Production Music Works and PMSRs.

"Production Music Work" means any Musical Work embodied on a PMSR to the extent the relevant copyright is owned or controlled, from time to time in the United Kingdom by MCPS, including, without limitation, by virtue of its agreements with Members and Foreign Societies. If one or more of those who own or control the relevant copyright in a Production Music Work is not MCPS, the expression "Production Music Work" shall only apply to such interest in the Production Music Work as is owned or controlled by MCPS.

"Programme Hour" means each sixty minutes of Content communicated to the public as part of the applicable Licensed Service.

"PRS" means Performing Right Society Limited whose registered office is at 2 Pancras Square, London N1C 4AG, contracting for and on behalf of itself and for and on behalf of and as agents of its various affiliated societies.

"PRS for Music" means PRS for Music Limited whose registered office is at 2 Pancras Square, London N1C 4AG.

"Repertoire Work" means

(a) in relation to the licence granted by MCPS, Commercial Works, Production Music Works and PMSRs, but excluding (i) any Musical Work forming part of a Dramatico-Musical Work and (ii) any Commissioned Work; and

(b) in relation to the licence granted by PRS, each Musical Work to the extent the relevant copyright is owned or controlled, from time to time in the United Kingdom by PRS, including, without limitation, by virtue of its agreements with Members and Foreign Societies, provided that if one or more of those who own or control the relevant copyright in a Repertoire Work is not PRS, the expression "Repertoire Work" shall only apply to such

interest in the Repertoire Work as is owned or controlled by PRS.

The Licensors shall have the right to exclude specific Repertoire Works from the licences granted under this Agreement by giving notice in writing (which may be by email) to the Licensee. Such notice shall take effect two working days after it is sent. The Licensee will promptly remove such Repertoire Works from the Licensed Service (unless the relevant rights have been validly licensed from an alternative source).

For the avoidance of doubt, if a Musical Work is a Repertoire Work in relation to one Licensor and not the other then it remains a Repertoire Work under this Agreement in relation only to the licence granted by that Licensor.

"Ringtone" means a short audio recording incorporating a Repertoire Work (or part thereof) the primary purpose of which is to notify the User of an incoming telephone call or message on a Device.

"Royalty Fees" means the royalties applicable to Licensed Services under the Limited Online Music Licence scheme and published on the Licensors' website (www.prsformusic.com) from time to time and payable in accordance with the terms of clause 5.

"Server Territory" means the European Economic Area, Switzerland, the United States of America, Canada and such other territories as may be agreed in writing by the parties.

"Service Provider" means, the party which, in relation to a Music Service, most closely meets the following criteria:

- (a) contracts with the User in relation to the provision of the Licensed Service;
- (b) sets and controls the price the User pays;
- (c) can fully report on all elements of Gross Revenue (including relevant advertising revenues);
- (d) can fully report on all elements of music usage (or can procure such reporting);
- (e) controls how content is offered and bundled within the Licensed Service; and
- (f) carries out or authorises, on their instruction, the carrying out of the copyright restricted acts licensed under this Agreement.

"Simulcast Service" means the broadcast (as that term is defined in the Act) of a programme via a Network where such broadcast:

- (a) is simultaneous with the broadcast of such programme via a traditional terrestrial, satellite or cable television or radio service; and
- (b) is made from the website or other service of the originating broadcaster.

"Stream" means the communication to the public of any Musical Work or item of Content. For the avoidance of doubt, the communication to the public of for example, ten (10) Musical Works shall be treated as ten (10) separate Streams.

"Term" means 12 months from the Commencement Date (unless terminated earlier in accordance with clause 5 or clause 10).

"Territory" means the UK or such other countries as the Licensors and the Licensee may agree in writing (which may include email).

"UK" means the United Kingdom of Great Britain and Northern Ireland and the Channel Islands and the Isle of Man.

"User" means a natural person in the Territory who receives the Licensed Services for their own private and non-commercial use.

"Webcast Service" means a service (or the relevant part of a service), other than an Excluded Service or a Simulcast Service, by which Musical Works are broadcast (as that term is defined in the Act as at 1 January 2008) to Users via a Network. For the avoidance of doubt, to constitute a pure Webcasting Service, there must be:

- (a) no interactive functionality, for example (without limitation), no use of controls that enable the User to pause, skip, move forward or backwards through the stream;
- (b) no personalisation of the service by the User or the ability for the User to offer preferences which then dictate the tracks that are provided to that User, for example (without limitation), no ability for the User to rate tracks so as to influence subsequent tracks that are played;
- (c) no advanced notification to the User of titles of specific tracks to be played or specific albums from which tracks will be played (other than the introduction of the next track in DJ led services);
- (d) in any 3 hour period:
 - (i) no more than 3 songs from a particular album (including no more than 2 consecutively);
 - (ii) no more than 4 songs from a particular artist or from any compilation of tracks (including no more than 3 consecutively);
- (e) no archived programmes less than 5 hours in duration or available for more than 2 weeks;
- (f) no continuous programmes of less than 3 hours duration;
- (g) effective technologies, insofar as such technologies are commercially available and can be implemented without imposing unreasonable costs, which aim to prevent:
 - (i) a User or any other person or entity from automatically scanning the Licensee's transmissions alone or together with transmissions by other transmitting entities in order to select a particular sound recording to be transmitted to the User; and
 - (ii) a User from making copies, other than transient copies, of the sound recordings; and

- (h) no automatic or intentional cause by the Licensee of the device receiving a transmission to switch from one program channel to another.

“VAT” means value added tax pursuant to the Value Added Tax Act 1994 and each like tax imposed in addition to or in substitution therefor.

2. Grant of Licence

2.1 Subject to and conditional upon compliance with the terms and conditions contained herein and in particular subject to the exclusions and restrictions set out in clauses 3 and 4, MCPS grants the Licensee a non-exclusive licence to do the following during the Term:

- (a) to reproduce Repertoire Works and PMSRs, and Repertoire Works and PMSRs incorporated into Content, on servers within the Server Territory for the purpose of transmitting the same to Users (for the User's own private and non-commercial use) by means of the Licensed Services; and
- (b) where the Licensed Services expressly authorise the temporary or permanent reproduction of Repertoire Works, Content and PMSRs on Users' Data Storage Devices, to cause such copies to be made in the Territory for the User's own private and non-commercial use; and
- (c) to communicate to the public (as that term is defined in the Act) and to authorise the communication to the public of PMSRs incorporated into Content within the Territory solely as part of and for the purposes of the provision of the Licensed Services.
- (d) Subject to clause 3.2 below, where an existing synchronisation licence, which has previously been granted by the copyright owner to reproduce Repertoire Works and PMSRs in Content for exploitation in an alternative media to that licensed under this Agreement, but does not cover the particular Licensed Service(s) licensed under this Agreement, MCPS grants to the Licensee a non-exclusive licence so that such synchronisation is licensed for the purpose of making available the Content on the Licensed Service.

2.2 Subject to and conditional upon compliance with the terms and conditions contained herein and in particular subject to the exclusions and restrictions set out in clauses 3 and 4, PRS grants the Licensee a non-exclusive licence, during the Term:

- (a) to communicate to the public (as that term is defined in the Act) and to authorise the communication to the public of (a) Repertoire Works and (b) Repertoire Works incorporated into Content, within the Territory solely as part of and for the purposes of the provision of the Licensed Services; and
- (b) in respect of the use of Ringtones only, to authorise the public performance (as that term is defined in the Act) in the United Kingdom of Repertoire Works in the form of Ringtones resulting from the playing in public of

Ringtones on Users' Devices as part of the ordinary use of such Devices.

2.3 The Licensee shall comply at all times with the PhonepayPlus Code of Practice (twelfth edition as amended) (or any future edition or code of practice which may replace it) to the extent that the PhonepayPlus Code of Practice is applicable to the Licensed Service; and all applicable codes of practice or guidelines published by Ofcom, or any successor organisation.

2.4 The Licensee shall be entitled to produce and include as part of a Music Download Service audio-only or audio-visual clips of a Musical Work embodied in a sound recording of up to 30 seconds duration (or up to one minute's duration for Musical Works over six minutes in length) for no additional Royalty Fee provided that such clip is used solely to promote the sale of the Musical Work as part of the Music Download Service.

3. Exceptions and Limitations

3.1 The licences granted under clause 2 of this Agreement are valid only insofar as:

- (a) the Licensed Services are Permitted Services. Should the Licensee offer or wish to offer modified or additional services that are not Permitted Services under this Agreement but which require a licence for the use of Repertoire Works the Licensee shall immediately notify the Licensors and provide such further information as the Licensors may reasonably request;
- (b) the Licensee is the Service Provider in relation to the Licensed Services; and
- (c) The Licensed Services are provided solely in the Territory and not in any additional countries. Should the Licensee wish to provide the Licensed Services in any additional country outside of the Territory the Licensee shall immediately notify the Licensors and provide such further information as the Licensors may reasonably request.

3.2 For the avoidance of doubt, this Agreement does not grant any “synchronisation licence” (to the extent that such a licence may be required by the Licensee) covering the initial fixation of Repertoire Works in combination with visual images to create and produce Audio-Visual Material.

3.3 The licences granted under clause 2 of this Agreement do not apply to any Ringtone which incorporates more than 1 minute of a Repertoire Work.

3.4 For the avoidance of doubt, the licences granted under clause 2 of this Agreement shall not authorise the manufacture or distribution of physical products containing Repertoire Works, such as (without limitation) the ordering of compact discs (or any other type of physical media) via a Licensed Service, but which are distributed by mail.

3.5 Save as permitted under clause 2.2(b) in respect of Ringtones, the licences granted under clause 2 of

this Agreement shall not extend to the public performance (as that term is used in the Act) of Repertoire Works, whether as part of the Licensed Services or otherwise.

3.6 Unless (i) the relevant Member has expressly consented to such use being covered under the MCPS licence granted herein, (ii) the Licensee has entered into an agreement with the relevant Member to this effect and (iii) evidence of such agreement has been provided to the Licensors, the licence granted under clause 2.1 of this Agreement shall not permit the use of Repertoire Work(s) with any advertising or sponsorship where:

- (a) such Repertoire Work(s) are incorporated into such advertising or sponsorship; or
- (b) such Repertoire Work(s) are otherwise presented in such a way that a reasonable person might associate the Repertoire Work(s) with the advertising or sponsorship.

3.7 Unless (i) the relevant Member has expressly consented to such use being covered under the MCPS licence granted herein, (ii) the Licensee has entered into an agreement with the relevant Member to this effect and (iii) evidence of such agreement has been provided to the Licensors, for the avoidance of doubt (and without prejudice to the generality of clause 3.6), the licences granted under these terms and conditions shall not apply to any Repertoire Work(s) made available for the purpose of (whether in whole or in part):

- (a) directly or indirectly encouraging the User to purchase or obtain goods or services of whatsoever nature (other than music via the Licensed Service); or
- (b) promoting the branding of the Licensee, any affiliate of the Licensee or any third party; in such a manner that:
 - (i) one or more particular Repertoire Works, composers or writers are associated with such promotion; or
 - (ii) a reasonable person might assume that there was an association between particular Repertoire Works, composers or writers and such promotion;

3.8 Except in respect of a Karaoke Service, the licence granted under clause 2.1 shall not apply to graphic copies (meaning, without limitation, copies of lyrics, notation or scores) of Repertoire Works.

3.9 The licence granted under clause 2.2 shall only apply to a Repertoire Work communicated to the public as part of a Licensed Service where the Licensee has the benefit of a valid licence for or a right to make a reproduction of that particular Repertoire Work and for that particular form of exploitation via the Licensed Service either pursuant to these terms and conditions or otherwise. By way of example only, the licence granted by MCPS under clause 2.1 does not cover the copying of Repertoire Works in an advertisement (save in certain specified circumstances, see clause 3.6 above). However, a parallel restriction does not apply to the licence granted by PRS under clause 2.2. The licence

granted by PRS under clause 2.2 would not apply (in the context of this example) unless the Licensee, pursuant to clause 3.6, has the benefit of a right to copy the Repertoire Work for use in that advertisement (and on the Licensed Service(s)).

3.10 The licences granted under clause 2 of this Agreement shall not apply to any Repertoire Works reproduced or communicated to the public within a Podcast unless:

- (a) each programme comprising each Podcast contains both speech and music with the speech interspersed throughout the programme;
- (b) such Podcast is provided only in the form of a programme in its entirety and not in the form of individual tracks or portions of such a programme;
- (c) there can be no guide providing details of the time at which particular tracks appear; and
- (d) no flags or other markers are inserted within such Podcast which may directly indicate or which may be used to indirectly infer the start and end point of tracks or segments of tracks.

3.11 The licences granted under clause 2 of this Agreement shall not apply to any Repertoire Works reproduced or communicated to the public within a Podcast if:

- (a) there is any Audio-Visual Material incorporated into the Podcast (unless *PRS for Music* provides its prior written approval in relation to such Audio-Visual Material); or
- (b) the Podcast includes more than 2 Repertoire Works from a particular album or more than 2 Repertoire Works performed by a particular artist or written by a particular composer without prior written approval of *PRS for Music*; or
- (c) more than 50% of the Repertoire Works included within such Podcast are written by the same composer or writing partnership or are performed by the same artist without prior written approval of *PRS for Music*,

unless the relevant Member has expressly consented thereto.

3.12 For the avoidance of doubt, this Agreement grants no licence whatsoever in relation to Repertoire Works which are made available by the Licensee outside of the Licensed Service. However, such other exploitation of Repertoire Works may fall within the scope of other licensing schemes operated by the Licensors, details of which shall be made available to the Licensee on request.

3.13 This Agreement grants no licences in respect of the reproduction or communication to the public of any Repertoire Work in the form of a Karaoke Version where such Repertoire Work falls within the Karaoke Exclusions List. The Licensee shall be responsible for checking the Karaoke Exclusions List, as updated from time to time, and the Licensee shall be solely responsible for excluding

such usage for the purposes of calculating the Royalty Fee due under this Agreement.

4. Further Restrictions

4.1 Where any Repertoire Work forms part of any Dramatico-Musical Work, the licence granted under clause 2.1 shall not apply, in relation to Audio-Visual Material, to the reproduction of:

- (a) the whole Dramatico-Musical Work; or
- (b) any excerpt(s) from such Dramatico-Musical Work unless all of the following circumstances apply:
 - (i) that which is copied or communicated to the public via the Licensed Services under this Agreement contains only excerpt(s) within the definition of Permitted Excerpts; and
 - (ii) neither of the Licensors has notified the Licensee in writing that their Member or the associated society member objects to the reproduction of any such Repertoire Work.

4.2 Where any Repertoire Work forms part of any Dramatico-Musical Work, the licence granted under clause 2.1 shall not apply, in relation to material other than Audio-Visual Material, to the reproduction of the whole or substantially the whole Dramatico-Musical Work unless:

- (a) the Licensee has specifically notified the Licensors that it wishes to reproduce the whole or substantially the whole work; and
- (b) the Licensors have notified the Licensee that all relevant Members consent to such reproduction.

For the purposes of this clause 4.2, the expression "Dramatico-Musical Work" shall include any version of such work (with or without cuts, additions, interpolations or the like) which has been publicly performed. Furthermore, for the avoidance of doubt, substantially the whole work shall be deemed to be reproduced where all or nearly all the individual songs or other music included in the work are reproduced.

4.3 In any event, any licence hereunder only applies to the relevant Repertoire Works and not (by way of example only) to any underlying dramatic or literary work which forms part of the Dramatico-Musical Work or which such Dramatico-Musical Work is based on or uses.

4.4 The licences granted under this Agreement shall not extend to or permit any adaptation of any Repertoire Work to be copied or communicated to the public as part of a Licensed Service unless the relevant Member has consented to such adaptation. By way of example only, this applies to:

- (a) any sampling (meaning the taking of part of the music and/or lyrics of a Repertoire Work and incorporating such part into another Musical Work) or the communication to the public or reproduction in the form of a sample of such part of a Repertoire Work; or

- (b) using with music lyrics other than those written to be used with the music or authorised for use with the music; or

- (c) using with lyrics music other than that written to be used with the lyrics or authorised for use with the lyrics.

However, subject always to clause 4.10 and provided that such alterations do not amount to an adaptation of a Repertoire Work and do not contravene clause 4.4 then this Agreement shall apply in relation to Repertoire Works that have been modified (including music and/or lyrics) for the purpose of satisfying the requirements of the relevant recording.

Notwithstanding the above, the licences granted under this Agreement do apply to the production and inclusion in a Ringtone of (i) clips of Repertoire Works of up to 60 seconds and (ii) Repertoire Works in a form excluding lyrics.

The Licensors acknowledge, for the purposes of the restriction set out in this clause 4.4, that the production and inclusion as part of a Music Download Service of audio clips of Repertoire Works of up to 30 seconds duration (or up to 1 minute's duration for Repertoire Works over 6 minutes in length) to promote the sale of music via the Music Download Service does not of itself constitute an adaptation or sample.

4.5 The licences granted under this Agreement shall not extend to:

- (a) the reproduction or communication to the public of any Commercial Work or part thereof in the form of a parody or burlesque of any Commercial Work or of any composer or writer of any Commercial Work or any band or other group of artists which includes any composer or writer of any Commercial Work; or
- (b) the use of any Commercial Work in any context which the Licensee ought reasonably to consider as being likely to be insulting or detrimental to the composer featured on the commercially released sound recording of the music or the relevant Member or associated society member.

Without prejudice to (i) the Licensors' right to remove certain Musical Works within their repertoire from the Repertoire Works to be licensed under this Agreement and (ii) the moral rights of the composers and writers of Repertoire Works, monophonic and polyphonic Ringtones which incorporate versions of Repertoire Works will not ordinarily be a breach of (a) or (b) above.

4.6 Any additional limitations in relation to Associated Societies' rights to grant the licences set out in clause 2 of this Agreement which have been notified to the Licensors shall be notified to the Licensee in writing (which may include by email) and shall be binding no less than 10 days following such notice. Where any restriction of a material or adverse nature is added, the Licensee shall have the right to terminate this Agreement by giving written notice to the Licensors.

- 4.7 All rights not specifically granted under this Agreement are hereby reserved.
- 4.8 This Agreement only covers Repertoire Works. It does not extend to other rights or interests, including (by way of example only), rights in sound recordings (other than PMSRs), films, dramatic works, performers' rights or rights in performances. The Licensee is required to obtain the appropriate waivers, consents and/or licences from the person(s) owning or controlling rights in relation to sound recordings containing Repertoire Works or performers of that Repertoire Work.
- 4.9 It is the responsibility of the Licensee to obtain all necessary licences in relation to any Musical Work which is not, or to the extent that it is not, a Repertoire Work, and no licence is granted under this Agreement in relation thereto.
- 4.10 Nothing in this Agreement affects the moral rights of authors of Repertoire Works whether subsisting in the UK or any other territory.
- 5. Fees and Payment**
- 5.1 In consideration of the licences and authorisations granted under this Agreement, the Licensee shall pay to the Licensors the Royalty Fees in advance.
- 5.2 The Royalty Fees shall be payable online via the Licensors' website by debit/credit card or, where agreed otherwise, by cheque. For the avoidance of doubt, this Agreement shall not come into force until the Licensee has paid the Royalty Fees.
- 5.3 Provided that the Licensee has specifically requested in the AFL a licence period of less than 12 months, the Royalty Fees shall be pro-rated in respect of that Licensed Service, subject always to a minimum fee of £73 (+VAT).
- 5.4 The Licensee may at any time during the Term purchase a licence for additional Licensed Services online via the Licensors' website. The licence for the additional Licensed Services purchased shall commence once the Royalty Fees have been paid for such additional Licensed Services. The additional Licensed Services shall be licensed for the period corresponding to the unexpired portion of the 12 month licence period covered by the Royalty Fees for the Licensed Services previously licensed and the Royalty Fees for the additional Licensed Services shall be pro-rated accordingly.
- 5.5 The Licensee may at any time during the Term change from a lower band to a higher band within a particular Licensed Service by paying the difference between the lower band Royalty Fee already paid and the higher band Royalty Fee via the Licensors' website. The Licensee may not change from a higher band to a lower band and the Licensors shall not refund the Licensee in the event that the Licensee's actual exploitation of Repertoire Works is such that the Licensee would be eligible for a lower band Royalty Fee but has paid the Royalty Fee for a higher band.
- 5.6 The Royalty Fees shall be cumulative and for any service which combines more than one Licensed Service, an aggregate fee shall be payable. By way of example only, the Royalty Fees payable for a service which provides 40,000 on demand streams of Musical Works and 4,000 Permanent Downloads of Musical Works per annum shall be £436 + VAT.
- 5.7 By way of a further example, if a Music Podcasting Service makes 2 Podcasts available as follows: Podcast A contains 3 Musical Works (or part thereof) and is downloaded 400 times; Podcast B contains 7 Musical Works (or part thereof) and is downloaded 250 times. For the purposes of deciding whether the above limits have been exceeded, the number of downloaded Musical Works in this case would be $(3 \times 400) + (7 \times 250) = 2950$ downloaded Musical Works.
- 5.8 The Licensee shall notify the Licensors immediately if the maximum usage limits in Band E in any one Licensed Service (excluding a Clips Service) are exceeded. Such limits shall be pro-rated in respect of any licence period which is less than 12 months. If the maximum usage limits are exceeded, this Agreement shall terminate and the Licensee shall contact the Licensors to discuss the appropriate licence applicable to the Licensee. If the maximum usage limits for a Clips Service are exceeded, the Licensee shall notify the Licensors immediately, and the Licensors will inform the Licensee of alternative licensing arrangements.
- 5.9 The Licensee shall notify the Licensors immediately if the Licensee's usage of any of the Licensed Services exceeds the amount stated in the Licensee's AFL, so that the amount the Licensee pays as Royalty Fees may be adjusted accordingly.
- 5.10 The Licensee shall notify the Licensors if the Gross Revenue from the Licensed Service(s) exceeds the sum of £12,500 (excluding VAT) per annum. In such circumstances, this Agreement shall terminate and the Licensee shall contact the Licensors to discuss the appropriate licence applicable to the Licensee.
- 5.11 The Licensee shall notify the Licensors immediately if the Licensee is to launch a new service which constitutes a Licensed Service and therefore requires a licence from the Licensors. The Licensee shall submit to the Licensors via the Licensors' website a fully and accurately completed AFL 28 days before the launch of any such new service.
- 5.12 The Licensee shall notify the Licensors promptly of any material change in the information provided in the AFL and the effective date of such change.
- 5.13 All Royalty Fees and payments referred to in this Agreement are subject to VAT or other equivalent sales tax. The Licensee shall pay to the Licensors VAT or other equivalent sales tax (if applicable) at the rate or rates from time to time in force on any sums payable under this Agreement.
- 5.14 Except as expressly set out in these terms and conditions, no deduction in respect of any tax, or any other deduction or set-off of whatsoever nature, shall be made in calculating or paying any sum due under this Agreement.
- 6. Supply of Information**
- 6.1 In relation to any and all Repertoire Works, Content and Ringtones reproduced and communicated to the public under this Agreement via all Licensed

Services, the Licensee will deliver a fully and accurately completed Music Usage Declaration to the Licensors or to the Licensors' duly authorised agent (details of which will be provided to the Licensee) within 14 days of the end of each 12 month licence period.

- 6.2 The Licensee must also supply the Licensors with any further information or documentation in its possession, power, custody or control (and use its reasonable endeavours to supply the Licensors with any further information or documentation not in its possession, power, custody or control) reasonably requested by the Licensors at any time, in order to enable the Licensors to verify the Repertoire Work(s) which have been reproduced or distributed via all Licensed Services.
- 6.3 Where any or all of the Licensed Services are accessible by Users only on payment of subscription or other similar payment (or access is otherwise limited or controlled in some way), the Licensee shall, upon request of the Licensors, use reasonable endeavours to ensure that such Licensed Services are at all times accessible by the Licensors (and *PRS for Music*) free of charge for the purposes of the Licensors verifying that the Licensee is acting in accordance with this Agreement. For the avoidance of doubt, the Licensee shall not be required to provide free access to Downloads under a Music Download Service or to provide free access to a mobile phone network or internet access.
- 6.4 The email address for delivery of the Music Usage Declaration is applications@prsformusic.com
- 6.5 Without prejudice to any right in law that the Licensors may have to obtain such information, the Licensee shall not be obliged to provide to the Licensors any information which identifies Users or which otherwise constitutes "personal data" as defined in the Data Protection Act 1998. For the avoidance of doubt, the Licensee must still provide all required Music Usage Declaration (or other information to be provided under this Agreement), but is entitled to remove any element of it which reveals the identity of Users or otherwise causes it to include or constitute "personal data".

7. Credits and Notices

- 7.1 The Licensee shall include on each of the Licensed Services:
 - (a) the logo of *PRS for Music*; and
 - (b) details of the following website and, where practical, hypertext links to it:
www.prsformusic.com

Approval of the Licensors shall be deemed to be given to the positioning of the above credits and notices within the terms and conditions of the Licensed Service(s) where it is not reasonably practical to position such information elsewhere.

8. Auditing

- 8.1 The Licensee shall keep and make available for inspection upon reasonable notice (and shall procure that each relevant party keeps and makes available for inspection upon reasonable notice), both during and for twelve months after termination of this

Agreement, proper, detailed books and records relating to (a) use of all Musical Works and (b) any income or other consideration received by or on behalf of the Licensee in relation to the Licensed Services, together with any supporting documentation relating thereto covering the period up to six years prior to the date of notification of audit. Where any agreement between the Licensee and the Licensors replaces this Agreement or licenses substantially the same activities (the "**Replacement Agreement**"), the twelve month time-limit referred to above shall begin following termination or expiry of the Replacement Agreement.

- 8.2 For the purposes of this clause 8, the Licensee shall allow upon reasonable notice (and shall procure that each relevant party shall allow) access to its premises to inspect relevant accounting records, but not more than once per annum. The duly authorised representatives (who shall be external qualified accountants or auditors unless otherwise agreed between the parties) of the Licensors shall have such access to the Licensee's premises and shall be entitled to inspect, make extracts and take copies of any of the information and/or documentation available and to carry out such work as is, in their reasonable opinion, considered necessary to verify compliance with this Agreement.
- 8.3 If tests under any audit and verification process indicate under-payment of the correct Royalty Fee during the period under audit, then, without prejudice to the Licensors' other rights under this Agreement, the Licensee shall pay the amount of the underpayment plus interest based on the period from which the correct fee should have been paid to the Licensors to the date when it was actually paid.
- 8.4 If any audit and verification process discloses (a) under-payment of more than 7.5% of the correct Royalty Fee during the period under audit and/or (b) failures to report correctly (so as to affect a distribution by the Licensors to their Members) amounting to at least 7.5% of the music usage during the period under audit, then, without prejudice to the Licensors' other rights under this Agreement, the Licensee shall pay, in addition to the payment referred to in clause 8.3, the Licensors' reasonable costs of such audit and verification within 28 days of receipt of the Licensors' VAT invoice therefor.
- 8.5 The Licensors shall not (and shall procure that their representatives shall not), without the Licensee's written consent, disclose to any third party any confidential information of the Licensee (so long as it remains confidential) received in the course of an audit carried out under this clause 8, save that such confidential information may be disclosed to the Licensors' directors, board sub-committee members officers, employees and professional advisors (solely where such persons are under a duty of confidentiality in relation to information so received and the Licensors shall be liable to the Licensee in respect of any breach of such confidentiality obligation) solely for purposes connected with this Agreement.
- 8.6 For the avoidance of doubt, books, records and accounting records as referred to in clauses 8.1 and

8.2 above shall include data, information and records held on computers.

9. Security and Encryption

Unless agreed otherwise, the Licensee will utilise or require the utilisation of an industry security standard which is developed and is available for use in the protection of Repertoire Works. Until such time, the Licensee must use its reasonable endeavours to prevent unauthorised copying and/or the unauthorised issuing of copies of Repertoire Works by whatever technical means are practicable. Upon request the Licensee will inform the Licensors concerning its progress in relation to fulfilling this obligation.

10. Termination and Expiry

10.1 This Agreement shall expire on expiry of the Term unless terminated earlier in accordance with clause 5 or the terms of this clause 10

10.2 This Agreement may be terminated by the Licensee, by giving not less than three months written notice to the Licensors or upon written notice in circumstances where the Licensee is ceasing to engage in activities covered by this Agreement.

10.3 A party shall have the right to terminate this Agreement by notice forthwith where the other party:

- (a) commits a material breach of this Agreement which is capable of remedy and fails to remedy such breach within 14 clear days after receipt of notice of such breach; or
- (b) commits a material breach of this Agreement which is not capable of remedy; or
- (c) goes into receivership or any resolution is passed for its winding-up or liquidation (other than for the purposes of reconstruction or amalgamation) or is otherwise unable to pay its debts,

and, for the avoidance of doubt, any breach which consists of a failure by either party to perform an obligation under this Agreement within any period required or by any date specified under this Agreement shall be deemed to be capable of remedy if such obligation is performed by such party within the 14 day cure period specified in clause 10.3(a) above.

10.4 The Licensors shall have the right to terminate this Agreement by notice forthwith if the licences granted

under clause 2 are no longer valid pursuant to clause 3.

10.5 Termination of this Agreement for whatever reason shall be without prejudice to any rights which have already accrued to the parties under this Agreement.

10.6 The licences granted under clause 2 are so granted on the basis of the representations made by the Licensee in the AFL.

11. No Assignment

The licences granted under this Agreement are personal to the Licensee and the Licensee may not assign, sub-license or otherwise transfer any or all of its rights or obligations under this Agreement without the prior written agreement of both MCPS and PRS.

12. Miscellaneous

12.1 No delay or omission in exercising any right or remedy hereunder shall operate as a waiver thereof or of any other right or remedy and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other rights or remedies. No waiver shall be binding or effectual for any purpose unless expressed in writing and signed by the party giving it and any such waiver shall be effective only in the specific instance and for the purpose given.

12.2 This Agreement sets forth the entire agreement of the parties in relation to the subject matter hereof and each of the parties hereto acknowledges that it has not entered into this Agreement in reliance on any representation or term not contained in this Agreement. This Agreement shall not be modified or varied except by a written instrument signed by the parties hereto.

12.3 The headings to the clauses in this Agreement are included for ease of reference only and are not part of this Agreement and are not to be taken into account in its construction.

12.4 The parties shall (and shall procure that any other necessary party within its control shall) execute all such documents and do all such acts and things as may be reasonably be required on or subsequent to completion of this Agreement for securing each of the obligations of the respective parties under this Agreement.

12.5 If this Agreement creates any rights which would in the absence of this provision be enforceable by any person not a party to this Agreement, such rights shall not be enforceable.

12.6 This Agreement shall be construed according to the laws of England and Wales and the parties agree to submit to the jurisdiction of the English Courts.

SCHEDULE 1
GROSS REVENUE DEFINITION

The following definition applies to the following Licensed Services:

"Gross Revenue" means, subject to the provisions of this Schedule 1:

- (a) all revenue received (or receivable) by the Licensee from Users in consideration for the provision of the Licensed Services; and
- (b) all revenue, including by way of sponsorship and commissions, received (or receivable) by the Licensee as a result of the inclusion of third party advertising "in-stream" or "in-download" as part of the Licensed Service, being advertising placed immediately at the start, end or during the actual delivery (by way of streaming or downloading as applicable) of a Repertoire Work to a User; and
- (c) all revenue, including by way of sponsorship, click-throughs and other commissions, received (or receivable) by the Licensee as a result of the placement of third party advertising, buy or click-through buttons on a Relevant Page (as defined below) of the Licensed Service (and including any page which directly follows such Relevant Page leading up to and including the downloading or streaming of the music offering). For the avoidance of doubt, advertising revenue referred to in this sub-paragraph (c) shall not include revenue arising from sponsored searches or click-through commissions arising from such searches;

and in each of the above cases such revenue shall, for the avoidance of doubt, include any such revenue whether received or receivable by the Licensee or any associate, affiliate, agent or representative of such party.

There shall be no other deduction or set-off from the above revenues other than reasonable refunds to Users for services that they were unable to use (but had paid for) due to technical faults in the Licensed Services. For the avoidance of doubt, Gross Revenue shall not be reduced by credit card commissions or similar payment process charges.

For the avoidance of doubt, where the Licensed Service is provided as part of a "portal based service" of which the Licensed Service form only one part of a suite of services including some that do not relate to music in any way, it is not intended that the definition of Gross Revenue set out above includes the entire revenue of the portal or indeed any revenue of the portal which is not attributable to the Licensed Service.

"Relevant Page" means a page:

- (a) from which Licensed Services are "actually offered" to Users. A Licensed Service is "actually offered" to Users from a page if Musical Works are enabled or made directly available from that Licensed Service to the User to download or stream from that page (in most cases this will be where such Musical Works can be purchased by the User or their download or stream otherwise takes place); but only
- (b) where such offering forms all or the predominant part of that page, being for the purposes of this Agreement where the offering comprises 75% or more of the space on that page excluding space occupied by any advertising. For the purposes of performing the foregoing calculation, the "offering" shall include any content which directly relates to the actual offering of the Licensed Service pursuant to sub-paragraph (a) above (by way of example, but without limitation, an image of the artist or artwork closely associated with the offering, reviews of the offering, credits, and music player controls).

**SCHEDULE 2
MUSIC USAGE DECLARATION FORM**

To be completed within 14 days of the end of each 12 month licence period

Licence Number	
Company Name	
Contact Name	
Contact Email Address	
Contact Address	
Telephone Number	
Service Name(s) and URL(s)	
Gross Revenue generated by the Licensed Service(s) during the 12 month period just elapsed	

Music Usage Details (for the end of each 12 month licence period)		
Clips	Number made available at any one time	
Music On Demand	Number of Streams delivered	
Music On Demand Karaoke	Number of Streams delivered	
Webcasting	Number of Streams delivered	
Interactive Webcasting	Number of Streams delivered	
Music Download	Number of Downloads delivered (Each track on an album delivered shall count as one Download)	
Podcasting	Average Number of Musical Works on Podcasts delivered	
	Number of Podcasts downloaded	
	Total number of Musical Works downloaded	
General Entertainment: On Demand	Total number of Programme Hours streamed	
General Entertainment: Download	Total number of Programme Hours downloaded	
Ringtone Service	Total number of Ringtones delivered	
Karaoke Service	Number of Downloads delivered	

SCHEDULE 3
EXCLUDED REPERTOIRE

Please see the Karaoke Exclusions List as may be updated from time to time
www.prsformusic.com/restrictedkarokeworks