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The Music Industries of Japan, Korea and Taiwan Copyright Overview

09 March 2021

by

music:)ally

The Music Industries of Japan, Korea and Taiwan – Copyright Overview

Table of Contents

The Music Industries of Japan, Korea and Taiwan – An Overview

Japan	3
The Legal Framework	3
National Law	3
International Law	6
The Institutional Framework	7
Public	7
Private	8
The Business Environment	9
Profile	9
The Market	11
The Republic of Korea	17
The Legal Framework	17
National Law	17
International Law	20
The Institutional Framework	21
Public	21
Private	22
The Business Environment	24
Profile	24
The Market	26
Taiwan	31
The Legal Framework	31
National law	31
International Law	32
The Institutional Framework	33
Public	33
Private	35
The Business Environment	37
Profile	37
The Market	38
Annex A: Komca Licence Tariffs	45

Japan

I. The Legal Framework

A. National Law

The copyright system in Japan comprises Author's Rights (droit d'auteur) and Related (or Neighbouring Rights) (droits voisins). The system is laid out in the Copyright Act of Japan. Since its enactment in 1971, the Copyright Act has undergone major amendments 24 times.

Author's Rights

Works of authorship which enjoy protection under the Japanese Copyright Law are defined in the Law as "productions in which thoughts or sentiments are expressed in a creative way and which fall within the literary, scientific, artistic or musical domain" (Japan Copyright Law Art. 2(1) (i)).

Works by foreign authors

Works by foreign nationals are protected in Japan pursuant to the treaties of which Japan is a member (see below – International Treaties). Works by foreign nationals who reside permanently in Japan (including foreign legal persons having their principal offices in Japan and foreign nationals' works which are first published in Japan within 30 days of the work being made public in a foreign country) are all protected under and in accordance with provisions of the Copyright Act.

Rights of Authors

"Author" means the person who has created a work. As works are created as expressions of people's thoughts or sentiments, an author is, in principle, a natural person. However, the Copyright Law gives the authorship to entities which employ the actual creators of works under the following four conditions:

- the work is created based on the initiative of the employer;
- the work is created by an employee as a part of his duties;
- the work has been or would published under the name of the employer (except for computer programs);
- there is no contrary stipulation in the contract of employment, work regulation, etc.

As all "author's rights", viz. moral rights and economic rights, are granted automatically (without any formality) to the author when a work is created, the author is, at the same time, the copyright owner (the owner of economic rights). Moral rights are not transferable, economic rights can be transferred from the author to other parties. Accordingly, the author of a work may be different from the owner(s) of the economic rights.

Economic Rights

Authors enjoy the following exclusive rights:

- Right of Reproduction (Article 21)

An author has the right to reproduce his/her work in a tangible form by means of printing, photography, photocopy, sound or visual recording, or other methods.

- Right of Public Performance (Article 22)

An author has the right to give a stage performance or musical performance of his/her work and the right to publicly present his/her work via an on-screen presentation

- **Right of Public Transmission (Article 23)**

An author has the right to transmit to the public his/her work or publicly communicate the work

- **Right of Distribution (Article 26, para.2)**

An author has the right to distribute either the original or a copy of his/her work. Distribution shall mean the transfer of ownership or rental of original works or their copies to the public, whether for value or not. However, under the first sale doctrine the right of distribution shall be exhausted where an original or copies of a work has been made available previously by sale with the permission of the holder of the author's economic rights.

- **Right of Rental (Article 26, para.3))**

An author has the right to offer his/her work to the public by renting out copies of the work, except in the case of cinematographic works.

- **Right of Translation and Adaptation (Article 27)**

An author has the right to translate his/her work, compose a musical arrangement of it, reformulate it, dramatize it, make a film adaptation of it, or otherwise adapt it.

- **Right of the Production of Derivative Work (Article 28)**

An author has the right to produce and use a derivative work based on his/her original work. A derivative work means a work produced by means of translation, arrangement, alteration, dramatization, the making into a film of an original work and shall be protected as an independent work.

Term of Protection

Author's economic rights in a work shall subsist for the life of the author and for a period of 70 years after the death of the author.

Neighbouring Rights

The Copyright Act grants neighbouring rights to performers, phonogram producers, broadcasting organisations and wire diffusion organisations

The Scope for Protection

Qualification for protection of performances and phonograms under the Japanese Copyright Act is based on the following conditions:

- **Performances (Art.7)**
 - performances which take place in Japan
 - performances fixed in "phonograms" protected under the Japanese law
 - performances transmitted by "broadcasting" or "wire diffusion" under protection
 - performances to which Japan has the obligation to grant protection under the Rome Convention or the **TRIPS Agreement on Trade-Related Aspects of Intellectual Property Rights** https://www.wto.org/english/docs_e/legal_e/27-trips_01_e.htm
 - performances which take place in a Contracting Party to the WIPO Performances and Phonograms Treaty

- Phonograms (Art.8)
 - phonograms the producers of which are Japanese nationals
 - phonograms composed of the sounds which are first fixed in Japan
 - phonograms to which Japan has the obligation to grant protection under the Rome Convention, the Phonogram Convention or the TRIPS Agreement
 - phonograms the producers of which are nationals of any of the Contracting Parties to the WPPT ("nationals" includes legal persons established under the law of such Contracting Party and those who have their principal offices in such Contracting Party)
 - phonograms composed of the sounds which were first fixed in any of the Contracting Parties to the WPPT

Definitions (Art.2)

"Performer" means an actor, dancer, musician, singer, or any other person who gives a performance, or a person who conducts or stages a performance;

"Performance" means giving a dramatic performance of, dancing, giving a musical performance of, singing, delivering, declaiming, or by any other means giving a performance of a work (including similar actions not involving the performance of a work but having the nature of a performing art);

"Phonogram" means the fixation of sounds on a material object such as a phonograph disc or recording tape (other than of sounds that are intended to be played exclusively alongside images);

"Producer of a phonogram" means the person that was the first to fix the sounds that have been fixed in a phonogram;

Performer's Exclusive Rights

A performer has the exclusive right to authorise or prohibit the following in respect of his/her performance:

- fixation
- reproduction of fixations
- (re)broadcasting ("live" only)
- wire (re)diffusion ("live" only)
- interactive transmission ("making available") ("live" and commercial phonogram)
- distribution
- rental on a commercial phonograms (the first one year only)

Performer's Rights to Remuneration

A performer shall have the right to receive remuneration for the following uses of a fixation of his or her performance:

- broadcasting or cablecasting of commercial phonograms (including simultaneous retransmission)
- rental of commercial phonograms (the remaining 69 years)
- simultaneous retransmission of the programs which includes a live performance by cablecasting organisations
- simultaneous retransmission of regular broadcast programs by IP multi-cast operators

Phonogram Producer's Exclusive Rights

A phonogram producer has the exclusive right to authorise or prohibit the following in respect of a phonogram:

- reproduction
- interactive transmission ("making available") ("live" and commercial phonograms)
- distribution
- rental (for the first one year only after release)

Phonogram Producer's Rights to Remuneration

A Phonogram producer has the right to receive remuneration in respect of:

- broadcasting or cablecasting of commercial phonograms (including simultaneous retransmission)
- rental of commercial phonograms (the remaining 69 years)
- simultaneous retransmission of the programs which includes a live performance by cablecasting organisations
- simultaneous retransmission of regular broadcast programs by IP multi-cast operators

Term of Protection

The rights of performers and phonogram producers have a duration of 70 years calculated as follows:

- Performances: 70 years from the beginning of the year following the year in which performance takes place
- Phonograms: 70 years from the beginning of the year following the year in which the first fixation of sounds is made

B. International

Law

Treaty	Objective	Adopted by Japan
The Convention Establishing the World Intellectual Property Organisation -1967	• Stipulates the establishment of WIPO • Signed when joining WIPO	April 20th 1975
The Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of Their Phonograms - 1971	Provisions prohibiting unauthorized duplication of phonograms	October 14th 1978
The Agreement on Trade-Related Aspects of Intellectual Property Rights; TRIPs - 1995	• Some provisions of the Berne Convention and the Rome Convention are incorporated into TRIPs • Comprehensive provisions on copyright and related rights • It is possible to bring disputes among countries to the dispute settlement body	January 1 st 1995

	• WTO's general principles such as National Treatment (NT) and Most-Favoured-Nation Treatment (MFN) are applied	
The Berne Convention for the Protection of Literary and Artistic Works – 1886	• Framework Convention on copyright • Minimum standards for author's rights • Principle of National Treatment	July 15th 1899
WIPO Copyright Treaty; WCT 1996	• Copyright protection in the Internet era • Treaty that has updated the Berne Convention to suit the digital age	March 6th 2002
International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations Rome Convention - 1961	• Framework Convention on neighbouring rights • Protection provisions for neighbouring rights	October 26th 1989
The WIPO Performances and Phonograms Treaty; WPPT 1996	• Protection of performances and phonograms in the age of the Internet • Treaty that has updated provisions on performances and phonograms among the content of the Rome Convention to suit the digital age	October 9th 2002

II. The Institutional Framework

A. Public

The protection of copyright falls within the responsibility of the cultural authorities of the Government of Japan i.e. the Japan Copyright Office (JCO) of the Agency for Cultural Affairs (ACA), which is a part of the Ministry of Education, Culture, Sports, Science and Technology (MEXT).

The JCO formulates and implements a wide range of copyright policies such as the planning of copyright legislation, the improvement of rights clearance systems, the planning of new policies to cope with the development of digitisation and networks, supervision of collecting societies, organising educational activities for experts and the general public, participation in international norm-setting, cooperation programs for developing countries, countermeasures against piracy, etc.

Important policies are established based on the consultations and reports of the Subdivision on Copyrights of the Council for Cultural Affairs which is an advisory committee for the Commissioner of the ACA. This Council is composed of various members (representatives of rightsholders and users, researchers, experts, lawyers, etc.) and has been functioning as the major organ for connecting with the expertise of specialists as well as in harmonising different viewpoints and interests of stakeholders.

B. Private

Japanese Society for Rights of Authors, Composers and Publishers (JASRAC) - CMO

Address: 3-6-12, Uehara, Shibuya-ku, Tokyo 151-8540

Tel: + 81-3-3481-2121

Fax: + 81-3-3481-2150

JASRAC is a voluntary non-profit-making organisation established in 1939 to protect copyrights in musical works and to facilitate the fair exploitation of such works. It is registered with the ACA to conduct the collective management of rights in musical works. Almost all Japanese musical authors and composers of musical works entrust their rights to JASRAC directly or through music publishers.

JASRAC administers copyrights of foreign musical works under contracts with 129 performing rights organisations in 105 countries and regions and with 89 organisations which are entrusted with the collective management of mechanical rights in 80 countries and regions.

JASRAC is a member of CISAC (International Confederation of Societies of Authors and Composers) and BIEM (International Bureau of the Music-mechanical Edition) and exchanges information on the protection of copyright with the other members of these organisations.

Please see below for a list of JASRAC tariffs:

Tariff of JASRAC (English)

<https://www.jasrac.or.jp/ejhp/users/index.html>

NexTone

Address: 20F Ebisu Prime Square Tower, 1-1-39 Hiroo, Shibuya-ku, Tokyo 150-0012

Tel: + 81-3-5766-8080

Established in 2000 upon the enforcement of the Japanese copyright management law and re-established in February 2016 as a joint venture between e-License Inc. and Japan Rights Clearance Inc., NexTone is an alternative to JASRAC offering licensing provides solutions to rights holders. NexTone also runs a digital distribution arm which is one of the country's top distributors

Please see below links for NexTone tariffs (in Japanese):

https://www.nex-tone.co.jp/files/royalty_table.pdf

<https://www.nex-tone.co.jp/files/royalty.pdf?20200401>

Music Publishers Association of Japan (MPA)

Address: DAIWA Minamiaoyama 3F, 2-31-8, Minami-Aoyama, Minato-ku, Tokyo 107-0062

Tel: + 81-3-3403-9141

Fax: + 81-3-3403-9140

The MPA is a voluntary, non-profit-making organisation established in 1980 to develop the music publishing industry representing both domestic and overseas musical works, and to provide a forum for music publisher members.

Recording Industry Association of Japan (RIAJ)

Address: Kyodo Tsushin Kaikan 9F, 2-2-5, Toranomom, Minato-ku, Tokyo 105-0001

Tel: + 81-3-5575-1301

Fax: + 81-3-5575-1313

The RIAJ is a voluntary non-profit-making organisation established in 1942 in order to promote cooperation within the phonogram producing industry in Japan, and to facilitate the diffusion of good phonograms and fair utilization of phonograms.

In conformity with the Copyright Law, this Association, having been designated as the sole collective management organisation for phonogram producers by the Commissioner of the ACA, collects the secondary use fees from broadcasters and wire diffusers as well as the remuneration from the record rental business (Neighbouring rights).

Japan Council of Performers' Organisations (GEIDANKYO)

Address: Tokyo Opera City Tower 11F, Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1466

Tel: + 81-3-5353-6600

Fax: + 81-3-5353-6614

GEIDANKYO is a voluntary non-profit-making organisation established in 1967 in order to facilitate the activities of its members' organisations of performers by promoting collective activities and professional training. The basic objective of the society is to improve the economic status of performers by the improvement of their working conditions.

In conformity with the Copyright Law, GEIDANKYO, having been designated as the sole collective management organisation for performers by the Commissioner of the ACA, collects secondary use fees from broadcasters and wire diffusers as well as the remuneration from record rental business who offer commercial phonograms to the public by rental.

The overall figures are not published but some information on foreign distributions is available here: <https://www.cprra.jp/english/news/2020/01/annual-foreign-distribution-2019.html>

In 1993, GEIDANKYO established the Center for Performers' Rights Administration (CPRA) as an internal system for the administration of above-mentioned rights and neighbouring rights of performers.

III. The Business Environment

A. Profile

Japan is the second-largest recorded music market in the world, yet it is also one of the most idiosyncratic. Trade revenue tends to fluctuate, making it the only one of the top twenty recorded music markets to have suffered a decline in income during 2019. This is despite (or perhaps because of) its notoriously resilient physical music market, which remains an important ongoing revenue stream. In fact, according to the IFPI, between them Japan and South Korea were responsible for more than half of the world's total physical music income in 2019 (50.3% to be exact, 45% of which is Japan). The trend in both countries is for popular releases to be sold in an array of collectable formats and editions, exploiting obsessive fan culture using such techniques as linking product serial numbers to competition prizes or bundling ballots for band '[general elections](#)' (events where fans can vote for their favourite members of a particular group) with CDs. These measures have helped CD revenues in Japan continue to surpass the \$1bn mark, even while sales have dropped off markedly elsewhere. A modest 'vinyl revival' is also in evidence, growing from \$21.5m in 2015 to \$35.6m in 2019, while even music rental stores have managed to cling on, despite receipts dropping 22.7% to JPY1.3bn according to the last RIAJ report.

Physical sales receipts have also, perhaps inevitably, begun weakening in recent years, falling 4.8% in value to \$1.97bn in 2019 according to the IFPI. Meanwhile, digital music sales are rising at a rapid rate, increasing 10% to \$0.68bn the same year. However, it should be noted that roughly a third of the digital figure, \$0.22bn, is still derived from downloads - in fact Japan is responsible for 17% of the world's 'download and other digital' revenues. Streaming income, while growing to \$0.48bn, still only accounted for 14.4% of the total recorded music income according to IFPI, although this is still enough for it to constitute the fifth largest streaming market in the world. Japan's initially slow streaming take-up has been boosted of late by several major stars adding their catalogue to streaming services for the first time, with subscription audio streams increasing by 30.1% in 2019 as a result.

Songwriter and publisher collection society JASRAC reported a 10.2% increase in digital revenue for the last financial year as a result, surpassing mechanicals for the first time; a particular boon for indie publishers such as Shinko (according to the IMPF - Independent Music Publishers International Forum, independent publishers make up around 63% of the publishing market in Japan). While JASRAC is by far the country's largest copyright administration organisation, private company Nextone also represents around 200,000 works and in December joined IMPEL (European Union Network for the Implementation and Enforcement of Environmental Law), the international collective of independent music publishers (MBMB Publishing, which is affiliated with sub-publishers in Japan, also joined IMPEL at the same time).

Synchronisation income saw an even more pronounced spike in the last financial year, with a 23.5% increase in sync revenue across Asia largely attributed to Japan's position as the second largest sync market globally, according to the IFPI's 2020 GMR report. JASRAC registered a 0.9% rise in receipts from broadcasting in the last financial year, with a year-on-year increase from both national broadcaster NHK and large-scale corporate campaigns. However, the impact of Covid-19 on live shows will obviously reduce performance rights revenue overall, as live music receipts from that year had increased to constitute around 13% of total receipts (JPY7.9bn (USD 73m) of JPY60.3bn (USD 560m)). The effect of Covid-19 on karaoke bars, which normally generate substantial publishing revenue, will also have reduced performance royalty intake.

While it's still rare for Japanese artists to become popular overseas, there is a huge domestic audience for J-Pop. Meanwhile Japanese tastes for 'non-domestic' music continue to shift from Anglo/American artists towards K-Pop stars, although companies such as [Hostess Entertainment](#) continue to focus on promoting Western acts in the country. According to the RIAJ, international music made up 10.4% of physical audio sales in the first half of 2019.

The Covid-19 pandemic is likely to grow the streaming market, with 10.9% of respondents to a 2020 Music Ally survey of the Japanese music industry saying they'd seen significant growth in streams, while 36.4% had seen modest growth (only 20% had seen a modest decline). However, the pandemic has hastened the downturn in physical sales, which fell 28% in the first half of 2020 compared to the first half of 2019, according to the RIAJ. Digital music revenue grew 11% over the same period.

In contrast to JASRAC's record distributions to members in the last financial year, RIAJ's Statistics Trends 2020 report shows that total collections for producers have been falling, with a reduction of 2.3% between 2017 and 2018, while Music & Copyright have estimated that distributions to producers fell from JPY8.24 billion (USD 76.8m) to JPY8.16 (USD 76m) billion in 2019. Payments to performers from GEIDANKYO were also calculated to be down slightly, from JPY6.08 billion to JPY6.02 billion. By and large, however, royalty collection in Japan remains stable in comparison to the more volatile recorded music sector, with only minor fluctuations over the years.

There are some established publishers which deal with sub-publishing of foreign catalogues such as:

Fuji-pacific
Nichion
Sony Music Publishing
Shinko Music
Taiyo
Watanabe

Most of international publishing companies have a deal with the above publishers regarding their sub-publishing in Japan.

B. The Market

1. Major Japanese Music Companies

Avex Inc.

Head Office: Avex Building, 3-1-30 Minami-Aoyama, Minato-ku, Tokyo 107-8577 (General Reception 2nd Floor)

Senior management: Masato 'Max' Matsuura (Founder & Chairman); Katsumi Kuroiwa (President & CEO); Shinji Hayashi (CFO)

Services: Music Production, Publishing, New Artist Development, Artist Management, Distribution, Live Events, Music Streaming. Also has departments operating in other fields including animation and real estate, as well as significant overseas operations and its own streaming service AWA.

Leading Artists: Tohoshinki, AAA, BiSH

Estimated Market Cap: JPY67.2bn (USD 624m)

Website: <https://avex.com/jp/en/>

Notes: The fourth largest label in Japan with a multitude of subsidiaries, Avex has maintained its market share by partnering with YG Entertainment to promote and release the Korean company's popular material in Japan. However, Avex has suffered during the pandemic and is currently embarking on a downsizing program, which reportedly includes cutting a third of its staff and [selling its HQ](#). Its annual A-Nation festival managed to attract 1.6m viewers after being forced to move online in August, but CEO Katsumi Kuroiwa admitted in November that its success in attracting a large audience was tempered by the reduced income due to necessarily lower ticket sales. Publishing revenue also fell 10% in 19/20, although this is a milder drop than reductions in most other revenue sectors.

Johnny & Associates

Head Office: 9-6-35 Akasaka, Minato, Tokyo 107-0052, Japan

Senior management: Julie Keiko Fujishima (President & CEO); Hideaki Takizawa (vice president); Suguru Shirahase (vice president)

Services: Talent Agency, Music Production, Publishing. Owns the notable record label J Storm.

Leading Artists: Arashi, KinKi Kids, NEWS

Estimated Market Cap: Unknown as privately held, but thought to have assets of [around JPY100bn \(USD 931m\)](#)

Website: <https://www.johnny-associates.co.jp/>

Notes: Founded by the impresario Johnny Kitagawa in 1962, "Johnny's" is one of the most powerful and influential talent stables in Japan. Traditionally it has promoted its male-only roster via television tie-ins and infamously strict control over artists; contractual bans on romantic relationships aren't unheard of, while images have previously only been allowed to appear on official merchandise. Yet while the company has generally shunned the internet

and social media this century, it has recently begun opening up to digital possibilities, launching a YouTube channel for the first time in 2018. While still hugely successful - Arashi's greatest hits release '5x20' was the world's biggest-selling album of 2019 - several major groups and members appear to have left the company since Kitagawa's passing in 2019. His niece Julie Keiko Fujishima is the current president and CEO.

King Record Co. Ltd.

Head Office: 1-2-3, Otowa, Bunkyo-ku, Tokyo 112-0013 Japan

Senior management: Hirohumi Shigemura

Services: Music Production, Music Distribution, Music Publishing

Leading Artists: AKB48, Inoran, PiXMiX

Estimated Market Cap: Unknown but owner Kodansha Ltd's operating profit was [JPY8.9bn \(USD 82.9m\) in 2019](#).

Website: <https://kingrecords.net/>

Notes: Founded in 1931 as the music division of publishing giant Kodansha Limited, King Record is the third oldest record label in Japan. Its subsidiaries include leading anime soundtrack label Starchild, AKB48 sub-label You! Be Cool, and Evil Line Records, run by producer Junnosuke Miyamoto. Hirohumi Shigemura is also the current chair of the RIAJ.

Sony Music Entertainment Japan

Head Office: 4-5 Rokubancho, 102-8353, Chiyoda-ku, Tokyo, Japan

Senior management: Shunsuke Muramatsu (CEO), Satoshi Senoo (CFO & CIO)

Services: Music Production, Artist Management, Artist Development, Music Publishing, Music Streaming

Leading Artists: SixTONES, Leo-Nine, Sakurazaka46,

Estimated Market Cap: JPY14.8T

Website: <https://www.sonymusic.co.jp/>

Notes: The veteran major attempted to move into the streaming sector, launching its own hires streaming service Mora Qualitas in 2019 while being selective about which artists were available on other platforms. However, in December more Sony Music tracks and artists started appearing on Spotify and other streaming services, suggesting they have recognised the need to increase accessibility as the industry moves evermore online. The company's recent partnership with blockchain firm Gaudiy also indicates it is pursuing a more digital-focused strategy, perhaps mindful of rival Warner's increased market share in Japan since adopting a digital-first approach.

JVCKenwood Victor Entertainment Corporation

Head Office: 9/10F Shibuya First Tower, 1-2-20 Higashi, Shibuya-ku, Tokyo 150-0011

Senior management: Masaaki Saito (President & Representative Director); Katsunori Ueda (Senior Managing Director)

Services: Music Production, Music Distribution

Leading Artists: SMAP, Takuya Kimura, iri

Estimated Market Cap: JPY318.09m (USD 2.9m) (note, these are figures for parent company JVCKenwood Corporation)

Website: <https://www.jvcmusic.co.jp/>

Notes: First established in 1927 as Victor Sound Storage Company, today the company operates as a subsidiary of electronics giant JVCKenwood Corporation (outside of Japan it is commonly referred to as JVC Entertainment, to avoid confusion with Sony label RCA Victor). Like Avex, Victor Entertainment is often considered a 'local major', and also produces anime and television alongside its music department.

Bandai Namco Arts Inc.

Head Office: 5-37-8, Shiba, Minato-ku, Tokyo, 108-0014, Japan

Senior Management: Kazumi Kawashiro (President & CEO); Satoshi Kono (Senior Managing Director)

Services: Music Production, Music Publishing, Music A&R, Live Events

Estimated Market Cap: JPY1.983T (USD 18.3bn) (note, these are figures for parent company BANDAI NAMCO Holdings Inc)

Website: <https://www.bandainamcoarts.co.jp/>

Notes: A subsidiary of gaming giant BANDAI NAMCO Holdings, Bandai Namco Arts is the result of a 2018 merger between Bandai Visual Co. and music publisher label Lantis, focusing on anime, music and live action productions (Lantis also continues to operate as a sub-label). An upcoming restructuring of BANDAI NAMCO Holdings will see its Visual and Music Production Unit and IP Creation Unit combined, while current managing director Satoshi Kono is set to be promoted to the company's president.

Nippon Columbia

Head Office: Faith Minami-Aoyama, 6-10-12 Minami-Aoyama, Minato-ku, Tokyo 107-0062, Japan

Senior management: Hajime Hirasawa (Chairman); Shinichi Yoshida (Vice Chairman); Miyomatsu Abe (President & Representative Director)

Services: Music Production, Artist Management

Leading Artists: Ateez, Kiyoshi Hikawa

Estimated Market Cap: JPY10.28bn (USD 95.8m) (note, these are figures for parent company Faith Inc.)

Website: <https://columbia.jp/company/en/>

Notes: Established in 1910 as Nippon Phonograph Co., manufacturing records and gramophones. On its 100th anniversary it became part of the Faith Group, and in 2017 became a wholly-owned subsidiary of Faith Inc.

Nippon Crown

Head Office: 6-5-27 Kitashinagawa, Shinagawa-ku, Tokyo 141-0001 Gotenyama Building 3rd floor

Senior management: Yasutaka Wada (President & CEO)

Services: Music Production, Music Distribution, Music Publishing, Artist Management

Leading Artists: Predia, Gackt

Estimated Market Cap: JPY223bn (USD 2bn) (note, these are figures for parent company Daiichikoshō)

Website: <http://www.crownrecord.co.jp/>

Notes: Originally a spin-off of Nippon Columbia, in 2001 it was acquired by electronics company and karaoke maker Daiichikoshō group, and now operates as its music division.

Pony Canyon

Head Office: Izumi Garden ANNEX, 1-5-17 Roppongi, Minato-ku, Tokyo 106-8487

Senior management: Takashi Yoshimura (President & CEO); Yoko Furukawa (Senior Managing Director)

Services: Music Production, Music Distribution, Events, Marketing

Leading Artists: W-inds, Suzuko Mori

Estimated Market Cap: JPY295.31bn (USD 2.75bn) (note, these are figures for parent company Fuji Media Holdings, Inc.)

Website: <https://www.ponycanyon.co.jp/music>

Notes: First launched as a label by Nippon Broadcasting System in 1966, Pony Canyon opened subsidiaries across Asia in the 1980s, although currently only has overseas offices in Taiwan and South Korea. Became a wholly-owned subsidiary of Fuji Media Holdings in 2007.

Space Shower Networks Inc.

Head Office: East Roppongi Building, 3-16-35 Roppongi, Minato-ku, Tokyo 106-8011

Senior management: Masashi Kondo (President & CEO)

Services: Music Production, Music Publishing, Music Television

Leading Artists: Tempalay, Aaamyyy

Estimated Market Cap: JPY5.14bn (USD 47.9m)

Website: <https://spaceshowermusic.com/>

Notes: The record label of Space Shower TV, a music-oriented channel that was first conceptualised in 1989 as a Japanese MTV equivalent.

Teichiku Entertainment, Inc.

Head Office: Shiba Park Building B Building 8F, 2-4-1 Shiba Park, Minato-ku, Tokyo 105-8505

Senior management: Tsukasa Takagi (President & CEO); Yukio Nakatani (Chairman & Representative Director)

Services: Music Production, Music Publishing

Estimated Market Cap: Private company but capital listed on website as "123,552 (thousand yen)"

Website: <http://www.teichiku.co.jp/>

Notes: Established in 1934 as Imperial Phonograph Co. Ltd, Teichiku is a record label specialising in traditional Japanese pop music. A subsidiary of karaoke manufacturer XIAN Inc, it also owns sublabels such as Imperial Records, Bogus Records and Takumi Note.

a. Foreign Music Companies in Japan

Universal Music Japan

Head Office: Jingumae Tower Building (reception 17F) 1-5-8 Jingumae, Shibuya-ku, Tokyo 150-0001

Phone: + 81 3-4586-2300

Website: <https://www.universal-music.co.jp/>

Representative: Nao Fujikura (President & CEO)

Warner Music Japan

Head office: 1-2-3, Kitaaoyama Aoyama Bldg. 3f. Minato-Ku, 107-0061 Japan

Phone: + 81-364398600

Website: <https://wmg.jp/>

Representative: Kazuyuki Kobayashi (President & CEO)

2. Publishing companies

Amuse

<https://www.amuse.co.jp/ir/>

Fujipacific

<http://www.fujipacific.co.jp/>

Nichion

<https://www.nichion.co.jp/>

Shinko

<https://www.shinko-music.co.jp/english/>

TV Asahi

<https://www.tv-asahi-music.co.jp/>

Watanabe

<http://www.watanabe-music.co.jp/>

Zen-On

<http://www.zen-on.co.jp/world/>

Seven Seas

<https://cnt.kingrecords.co.jp/sevenseas>

Bad News

<http://www.badnews.co.jp/>

Mr Music

<http://www.mr-music.co.jp/>

NTVM

<https://www.ntvm.co.jp/>

Toy's Factory

<https://www.toysfactory.co.jp/>

TV Tokyo

<https://www.ttmnet.co.jp/>

Universal Music Publishing

<https://www.umusicpub.com/jp/>

Yamaha

<https://www.ymm.co.jp/en/>

Avex

<https://avex.com/jp/ja/>

Sony Music Publishing
<https://www.smpj.jp/>
Victor Music Arts
<https://www.victormusicarts.jp/>

Teichiku
<http://www.teichiku.co.jp/>

3. Online Services

Download Services

OTOTOY
<https://ototoy.jp>
Mora
<https://mora.jp/>
RecoChoku
<http://recochoku.jp/>
e-onkyo music
<https://www.e-onkyo.com/music/>
Amazon
<https://www.amazon.co.jp/music/prime>
CLUB DAM
<https://www.clubdam.com/>
iTunes
www.apple.com/itunes/
MU-MO
<https://sp-m.mu-mo.net/>
Musing
<http://musing.jp/>
Oricon Me
<https://music.oricon.co.jp/>

music.jp
<https://music-book.jp/>
DWANGO
<https://pc.dwango.jp/>
Rakuten Music
<https://music.rakuten.co.jp/>
Pixiv Booth
<https://booth.pm/en/browse/Music>
Beatport
<https://www.beatport.com/>
D MUSIC
<https://music.dmkt-sp.jp/>
Konami
<https://www.konami.com/games/jp/ja/mv/>
MUSICO
<https://musico.jp/pc>
mysound
<https://mysound.jp/>

4. Streaming Services

Apple
<https://www.apple.com/apple-music/>
Amazon Music HD
<https://www.amazon.co.jp/music>
Spotify
<https://www.spotify.com/jp/>
LINE MUSIC
<https://music.line.me/>
YouTube Music
<https://music.youtube.com/>
Aniuta
<https://aniuta.co.jp/>
d MUSIC
<https://music.dmkt-sp.jp/>
AWA
<https://awa.fm/>
NAXOS
<https://ml.naxos.jp/>
SMART USEN
<https://smart.usen.com/>
d HITS

<https://selection.music.dmkt-sp.jp/>
UtaPass
<https://www.au.com/english/entertainment/#utapass>
RecMusic
<https://recmusic.jp/>
KKBOX
<https://www.kkbox.com/jp/ja/>
BeeTV
<http://pc.beetv.jp/>
Deezer
<https://www.deezer.com/en/>
mora
<https://mora.jp/>
mysound
<https://mysound.jp/>
Rakuten Music
<https://books.rakuten.co.jp/music/>

5. Ad-supported Streaming Services

Spotify

<https://www.spotify.com/jp/>

YouTube

<https://www.youtube.com/?gl=JP>

GYAO!

<https://gyao.yahoo.co.jp/ct/music>

Deezer

<https://www.deezer.com/en/>

C. Piracy

The strength of Japan's physical music market has sometimes been attributed to the country's strict approach to copyright infringement. Filesharing is considered a criminal offence, and a 2012 change in the law enabled punitive penalties, including imprisonment, against those involved in the illegal sharing of copyrighted music and films (although the harsher punishments are targeted more at persistent uploaders than casual downloaders).

Last year the Government extended the existing law to also criminalise the illegal sharing of manga, computer games and literary material, although the legislation was slightly watered down following a backlash against a previous attempt to introduce it in 2019. The announcement also mentioned that 'leech' sites, which catalogue links to pirated material hosted elsewhere, would also be targeted.

In the past couple of years local DSPs have been working with the Japanese Government to take down mobile piracy apps on the Google and Apple stores. Line Music has been particularly vocal in this space. DSPs have also been working with trade bodies to help to educate policy makers on piracy and notice and take down procedures.

For more information see あの音楽アプリは、もう違法 (by RIAJ)

<https://www.noinfringingapp.jp/>

LINE MUSIC 違法アプリに負けない音楽サブスクの作り方：日経クロストrend

<https://xtrend.nikkei.com/atcl/contents/watch/00013/01254/>

However, while these measures have had some success in combating piracy, it would be a mistake to assume it has been in any way defeated. A 2017 report by comScore revealed that a quarter of Japanese citizens who use desktops to access the internet visited sites or applications associated with piracy at least once a month. While Japan has been largely resistant to implementing site-blocking in case it interferes with secrecy laws, experts at a [recent MPA seminar](#) in Tokyo indicated they believe such a move would be constitutional.

The stricter side of Japan's copyright protection is tempered by more playful efforts to educate consumers on copyright law. Last year the Agency for Cultural Affairs even 'hired' the famous fictional character Hello Kitty as a copyright PR ambassador.

The Republic of Korea

I. The Legal Framework

A. National Law

The copyright system in the Republic of Korea comprises Author's Rights (droit d'auteur) and Related (or Neighbouring Rights) (droits voisins). The system is laid out in the Copyright Act of the Republic of Korea. Since its enactment in 1957, the Copyright Act has undergone amendments twenty-five times, including full amendments in 1986 and 2006.

Author's Rights

The works protected under the Copyright Act are creative output in which human ideas or emotions are expressed.

Works by foreign authors

Works by foreign nationals are protected in Korea pursuant to the treaties of which the Republic of Korea is a member (see below – International Treaties). Works by foreign nationals who reside permanently in the Republic of Korea (including foreign legal persons having their principal offices in the Republic of Korea and foreign nationals' works which are first made public in the Republic of Korea within thirty days after the day the works made public in a foreign country) are all protected under and in accordance with provisions of the Copyright Act.

Rights of Authors

In principle, an "author" is a natural person. Additionally, the author of a work for hire that is made by an employee of a legal entity or organisation is deemed to be that legal entity or organisation unless otherwise provided in a contract or some other work regulation.

Copyright comes into existence automatically when a work is created and there are no requirements for formalities such as registration or legal deposit. Copyright comprises both moral rights and economic rights. Economic rights may be transferred in whole or in part. Moral rights belong exclusively to the author and are neither transferable nor heritable.

Economic Rights

Authors enjoy the following exclusive rights:

- Right of Reproduction (Article 16)

An author has the right to reproduce his/her work. Reproduction means the temporary or permanent fixation in a tangible medium or making a copy or copies by means of printing, photography, photocopying, sound or visual recording, or by other means.

- Right of Public Performance (Article 17)

An author has the right to perform his/her work publicly. Public performance means the presentation of a work, or a performance, a phonogram, or a broadcast to the public by acting, musical performance, singing, narrating, reciting, screening, playing, or other means, and shall include transmissions (excluding interactive transmissions).

- Right of Public Transmission (Communication to the Public) (Article 18)

An author has the right to transmit his/her work to the public. Public transmission means the transmission of a work, of a performance or of a phonogram or making such a work available to the public by wire or wireless means intended for reception or access by the public and includes broadcasting, interactive transmission and digital sound transmission.

Broadcasting means, in the context of public transmission, the transmission of sounds, images, or sounds and images intended for simultaneous reception by the public. Over-the-air television or satellite television falls within the meaning of broadcasting. Broadcasting is distinguished from interactive transmission because broadcasting is a real time proposition. By contrast, interactive transmission means, in the context of public transmission, making works and other protected subject matter available to the public in such a way that members of the public may access them from a place and at a time individually chosen by them. The uploading of copyrighted works and the provision of interactive streaming services comes under the scope of interactive transmission. Digital sound transmission means, in the context of public transmission, the transmission of sounds in a digital format which is commenced upon the request of members of the public intended for simultaneous reception by the public and shall exclude interactive transmissions e.g. digital radio.

- Right of Distribution (Article 20)

An author has the right to distribute either the original or a copy of his/her work. Distribution shall mean the transfer of ownership or rental of original works or their copies to the public, whether with or without cost. However, under the first sale doctrine the right of distribution shall be exhausted where an original or copies of a work has been made available previously by sale with the permission of the holder of the author's economic rights.

- Right of Rental (Article 21)

An author has the right to rent a phonogram published for commercial purposes.

- Right of the Production of Derivative Work (Article 22)

An author has the right to produce and use a derivative work based on his/her original work. A derivative work means a work produced by means of translation, arrangement, alteration, dramatization, the making into a film of an original work and shall be protected as an independent work.

Term of Protection

Author's economic rights in a work subsist during the life of an author and for a period of 70 years after the death of the author.

Neighbouring Rights

The Copyright Act grants neighbouring rights to performers, phonogram producers and broadcasting organisations who make creative contributions or investments to bringing the intellectual creations of others to the public in the form of performance, phonograms, and broadcasts.

The Scope for protection

Performances, phonograms, and broadcasts as prescribed in the Copyright Act shall be protected under the Act. Where performances, phonograms, and broadcasts of foreign nationals are protected under the Act pursuant to international treaties, the term of protection under the Copyright Act does not apply in cases where term of protection has expired in the relevant foreign country.

Definitions

- *Performances* means the expression of a work or other subject matter by acting, dancing, musical performance, singing, narrating, reciting, or other artistic means.
- *Phonograms* means sounds (i.e. voice or acoustic sound effect) fixed in a tangible medium (including in digital formats), excluding the fixation of sounds associated with a fixation of visual images (e.g. a soundtrack).
- *Broadcasting* means, in the context of public transmission, the transmission of sounds, images, or sounds and images intended for simultaneous reception by the public. (Article2)

Performers

A performer means a person who gives a performance. This includes a person who conducts, directs, or supervises performances.

Performer's Exclusive Rights

- the right of reproduction
- the right of distribution
- the right of rental
- the right of public performance (for live performances only)
- the right of broadcasting (live broadcasting only)
- the right of interactive transmission.

Performer's Rights to Remuneration

A performer has the right to receive remuneration when:

- a broadcasting organisation makes a broadcast using a commercial phonogram in which performances are recorded
- an online music service transmits performances by using a commercial phonogram in which performances are recorded
- a public performance is given using a commercial phonogram in which a performance is recorded.

The right to remuneration has to be exercised collectively by a duly authorised organisation designated by the Minister of Culture, Sports and Tourism. When there is an application from the holder of the right to remuneration even if he/she is not a member of the organisation, the organisation shall not refuse to exercise the right for him/her. In such cases, the organisation has the authority to authorise an act, under its own name, in respect of the relevant right.

Phonogram Producer

A phonogram producer is a person (natural or legal) who plans and assumes responsibility for the fixation of sound on phonograms.

Phonogram Producer's Exclusive Rights

A phonogram producer has:

- the right of reproduction
- the right of distribution
- the right of rental
- the right of interactive transmission.

Phonogram Producer's Rights to Remuneration

A Phonogram producer has the right to receive remuneration when:

- a broadcasting organisation makes a broadcast using a commercial phonogram
- an online music service simulcasts a phonogram
- someone gives or makes a public performance using a commercial phonogram.

Term of Protection

The rights of performers and phonogram producers have a duration of 70 years calculated as follows:

- from the date when the performance takes place in case of performance
- from the date when the phonogram is first published in case of phonograms or the date of making the recording if the phonogram has not been published until 50 years from the first fixation of sounds in the phonogram

B. International Law

The Republic of Korea has adopted the following Treaties:

Treaty	Objective	Adopted by RoK
The Convention Establishing the World Intellectual Property Organisation - 1967	• Stipulates the establishment of WIPO • Signed when joining WIPO	March 1 st 1979
The Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of Their Phonograms - 1971	• Provisions prohibiting unauthorized duplication of phonograms	July 1 st 1987
The Agreement on Trade-Related Aspects of Intellectual Property Rights; TRIPs - 1995	• Some provisions of the Berne Convention and the Rome Convention are incorporated into TRIPs • Comprehensive provisions on copyright and related rights • It is possible to bring disputes among countries to the dispute settlement body • WTO's general principles such as National Treatment (NT) and Most-Favoured-Nation Treatment (MFN) are applied	January 1 st 1995

The Berne Convention for the Protection of Literary and Artistic Works - 1886	• Framework Convention on copyright • Minimum standards for author's rights • Principle of National Treatment	May 21 st 1996
WIPO Copyright Treaty; WCT 1996	• Copyright protection in the Internet era • Treaty that has updated the Berne Convention to suit the digital age	March 24 th 2004
International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations Rome Convention - 1961	• Framework Convention on neighbouring rights • Protection provisions for neighbouring rights	December 18 th 2008
The WIPO Performances and Phonograms Treaty; WPPT 1996	• Protection of performances and phonograms in the age of the Internet • Treaty that has updated provisions on performances and phonograms among the content of the Rome Convention to suit the digital age	December 18 th 2008

II. The Institutional Framework

A. Public

1. Ministry of Culture, Sports and Tourism

The Ministry of Culture, Sports and Tourism (MCST) is the government ministry in charge of the formulation and enforcement of copyright policies in Korea. The MCST currently has three copyright-related divisions (Copyright Policy Division, Copyright Protection Division, Copyright Industry Division) and Culture and Trade Team. The Copyright Protection Division has five regional offices in the major cities of Korea (Seoul, Pusan, Sejong, Gwangju and Daegu), where the copyright special judicial police officers are assigned the task of policing unlawful copyright activity.

The MCST establishes and enforces basic policies to create an environment conducive to the protection of copyrights and the fair use of works; policies for education and publicity to spread awareness of copyrights; and policies in respect of copyright technology including right management information and technological protection measures of works.

2. Korean Copyright Commission

The Korea Copyright Commission (KCC) derives its existence from article 112 of the Copyright Act and is one of the key public organisations in Korea dedicated to copyright-related affairs. It has a key role in the protection of copyright, promotion of the legitimate use of works, and the development of the copyright industries. The tasks of the KCC include deliberating copyright-related issues, mediating copyright disputes, researching policies and legislation on copyright, providing copyright education and public awareness programs and serving as a copyright registration agency. Furthermore, it endeavours to raise public awareness of the

importance of the copyright industries while providing support for the advancement of Korean copyrighted works in overseas markets and protection of their copyrights overseas.

3. Korean Copyright Protection Agency

The Korean Copyright Protection Agency was established in September 2016. The main functions of the Korean Copyright Protection Agency are as follows:

- Developing and implementing enforcement of policies on copyright protection
- Investigation into the state of copyright infringement and writing of statistics
- Research into and development of copyright protection technology
- Investigation into and support for policing copyright infringement

B. Private

KOMCA

Address: 332 Gonghang Daero Gangseo Gu, Seoul 07647

Tel: + 82-2-2660-0400 (rep. in Korean)

Fax: + 82-2-2660-0401

Web: <https://www.komca.or.kr>

KOMCA is the largest collective management organisation in South Korea owned and administered by the copyright owners themselves - songwriters, composers, and music publishers. It works on behalf of its 30,000 member music creators, which includes world-famous artists like Psy, BTS, Super Juniors, and EX-O. It operates on a non-profit basis to license the public performance and mechanical reproduction of more than 3,700,000 works.

KOMCA currently has reciprocal agreements with foreign societies representing virtually every country that has laws protecting copyright, 52 countries/56 societies for performing rights and 47 countries/44 societies for mechanical rights. KOMCA cooperates with these societies in a number of ways to ensure its members receive royalties from performances of their works in foreign territories. This led to record receipts from overseas of KRW13.4bn in 2019, a 34% year-on-year increase, with 81.5% of it coming from Asia. The popularity of K-Pop in Japan and, increasingly, China, has been a crucial driver in this, although European collections were also up by almost a third in the same year.

In 2020 KOMCA signed a major deal with SACEM, meaning the online rights of KOMCA members will now be managed across Europe by the French collecting society and their repertoire included in multi-territorial licenses SCEM has negotiated with digital platforms.

Last year KOMCA announced the launch of a new royalty tracking app, giving members greater access to royalty data and analysis. It is hoped this will improve transparency when it comes to payments and distribution.

The published KOMCA licence tariffs are set out in **Annex A**.

As a general comment, both in Japan and in Korea, trade organisations are often privately structured but used by government for managing certain industry practices. Senior trade organisation officials are often ex-government. So while Komca is a private organisation it is closely monitored by the Korean Copyright Office which will also provide mediation services, as necessary, for the negotiation of licence fees.

KOSCAP

Address: 659 Gonghang-daero, Yeomchang-dong, Gangseo-gu, Seoul

Tel: + 82 2-333-8766

Web: <https://www.koscap.or.kr>

In October 2014, the Ministry of Culture, Sports and Tourism (MCST) approved the establishment of a new music copyright association, the Korean Society of Composers, Authors and Publishers (KOSCAP), in an attempt to "create competition and extend the rights of [music] creators". Before this, KOMCA had had a copyright management monopoly on music for over fifty years. The main difference between the two associations is KOSCAP's "selection system", which allows music creators to choose which rights the association will be entrusted with, including transmission, broadcasting and reproduction rights.

In April 2015, MCST approved KOSCAP's new copyright royalty distribution system, which treats all types of music equally. Under KOMCA, licensing fees paid by broadcasting stations differ according to the type of music, so fees for using background music are much lower than music with lyrics, such as K-pop songs. This has caused conflict between the two competing organisations, as they both felt the other's distribution system was unfair to songwriters.

RIAK – Recording Industry Association of Korea

Address: 7th floor The PAN Bldg., Worldcupbukro 58gil 10, Mapo-Gu, Seoul

Tel: + 82-2-3270-5955

Fax: + 82-2-711-9735

Web: info@riak.or.kr

RIAK (Collective neighbouring rights for producers) exists to protect the rights and interests of the phonogram producers by promoting proper legislation and legislative policies. It was established with the specific goal of improving the distribution environment for a legitimate online market and to protect the intellectual property of the phonogram producers against all illegal activities.

FKMP – Federation of Korean Music Performers

Address: 4th Floor FKMP bldg. 202-17, Heojun-ro, Gangseo-gu, Seoul

Tel: + 82-2-745-8286

Web: <https://www.fkmp.kr>

FKMP is a non-profit organisation responsible for the collective management of music performers' neighbouring rights in Korea.

FKMP was established on August 18th, 1988 by MCST to protect and manage neighbouring rights on behalf of music performers after the protection of neighbouring rights began in earnest following the revision of the copyright law on December 31st, 1986. On October 14th, 1988 FKMP was designated as a remuneration collecting organisation.

In November 2000, FKMP was approved as a trust management organisation and thus became able to exercise exclusive rights such as online streaming, downloading, website background music, game, animation, mobile-based services.

III. The Business Environment

A. Profile

Until the advent of K-Pop the Korean music industry and market was largely unknown to the outside world. The major international labels operated through local licences, the market was small and infested with piracy. Korean has traditionally been known as “The Hermit” land with little international integration. Its culture and language are very distinct and not, until recently, widely appreciated overseas.

Such has been the success of K-Pop, initially domestically but now worldwide, that the phenomenon has become the subject of a great deal of academic research. An overriding line of enquiry has been to see whether there are factors contributing to this success that can be replicated in other markets in different parts of the world.

Studies focus on a variety of factors. First, there is a theory that much of the cultural production in Korea – TV, film, music – is underpinned by Confucian philosophy and values. This has given it a common appeal in other parts of Asia, especially in China.

Second, there is the explosion of digital technology and networks which has emerged in Korea over the last 30 years. In the view of many, Korea has taken over from Japan as the leading developer and manufacturer of consumer electronics. At the same high-speed networks connect most urban homes in Korea providing them with a huge array of online information and entertainment services. Even five years ago it was commonplace to see Koreans watching live television on their smartphones, in subway trains.

A third factor is the ever present urge to integrate: integration of Government and private interests in the development of innovation strategies and commercial policies; integration between companies - the case of the chaebols (large conglomerate family-owned firms) is well known; integration in terms of concepts and commercial strategies.

Finally, on top of all these factors, major industrial interests have understood and come to exploit the opportunities which all these factors, together, offer in terms of music industry and market development. The idea of convergence – the converging of different technologies, media, brands and commercial opportunities – provides the bedrock for the Korean entertainment industry landscape.

In the early 1960s, Berry Gordy, having experienced life on a Detroit car manufacturer’s assembly line, brought a similar logistical approach to music production at Motown Records. The company united the activities of music composing, record production and publishing of music while it took full control of its artists: grooming them, teaching them to dance and how to behave in public – developing them as brands. K-Pop has taken this holistic (the so-called “360° approach”) to a new level.

K-pop can be characterized by its “idol” culture with boy and girl bands coupled with its iconic synchronized group dance and mixture of Korean and English lyrics. It relies on promotion and diffusion via the Internet and social media platforms.

Digitisation has influenced various sectors of the Korean music industry in areas such as business, society, and consumers. It has also transformed the management focus of the industry from analog to digital, from offline to online, from albums to songs, from specialisation to integration, from domestic providers to international suppliers, from audio sound to visual images, from possession to access. South Korea saw the fifth biggest increase

in streaming subscribers of all the nations featured in the IFPI's 2020 GMR Report, thanks to double-figure year-on-year growth. Accordingly, digital income for Korean songwriters and publishers overtook performance income in 2015, and has remained in front ever since.

Performance collections, meanwhile, suffered a slight drop in 19/20. This will doubtless have been compounded by the Covid-19 pandemic as they are largely driven by karaoke bars, which have been periodically forced to close throughout the last twelve months (and were already suffering a slight decline). Mechanical collections, however, have risen in four consecutive years according to KOMCA, and grew again in 2019 by 3.7%. This is the result of rising CD sales, which brought in KRW25.6bn (USD 22m) and account for 72.6% of total mechanicals, driven by the same fandom culture that fuels the Japanese physical market. Both nations are global outliers in this respect, although physical 'only' accounted for 36% of total recorded music revenue in South Korea according to the IFPI's GMR Report 2020 (compared to 68% in Japan).

To achieve an internationally competitive standard, Korea's entertainment companies began to forge new contacts with leading foreign composers from the late 1990s. For example, several songs performed by S.E.S. were in fact composed by Japanese and Finnish song writers or were in some cases official cover versions. For example, their widely popular song "Dreams Come True" (1998) was actually a cover of "Like a Fool" by the Finnish girl group Nylon Beat. With this successful formula, these entertainment companies went on to establish a tight network with foreign song writers, notably those from Scandinavia. SM Entertainment leads the way in such efforts and has a collaborative network with 864 international songwriters as of June 2020. This endeavour helped them to enhance their musical quality and has allowed K-pop to be competitive in the global market. Part of this effort has been externalized as international collaboration which explained the precedent section.

The major international record labels have a presence in Korea (see below) and have signed a number of Korean acts; foreign music publishers do not appear to have a direct presence and operate through Korean sub-publishers.

Broadcasting receipts are split pretty evenly between cable, terrestrial and IPTV, although terrestrial TV and IPTV income fell 9.3% and 21.1% respectively in 19/20. A drop in terrestrial viewers and associated fall in advertising revenue is blamed for the former, while KOMCA attributed the latter to the partial settlement of a dispute related to the payment of fees for free trials.

Licensing of online services is either by direct negotiation or through one of the Collective Management Organisations.

There is a substantial industry in production music and sync licensing but the activities are dominated by local Korean companies.

B. The Market

1. The Top Korean Music Production Companies

Big Hit Entertainment

Head Office: 530-gil, Yangjin Plaza 5F Hakdong-ro, Floor Seoul Gangnam-gu, South Korea

Senior management: Bang Si-hyuk (Chairman, CEO); Lenzo Yoon (CEO, Global & Business); Jiwon Park (CEO, HQ & Management)

Services: Music Production, Publishing, New Artist Development, Artist Management

Leading Artists: BTS, TXT, TOMORROW X TOGETHER

Estimated Market Cap: \$5.5 Billion

Website: <https://www.bighitcorp.com>

Note 1: It is estimated that BTS has added more than \$4 billion to the Korean economy to date. The band could well generate \$40 billion over the next decade.

BTS first came to the US in 2014. The group was living in LA and learning about western culture. They even played at LA K-Con. They have since collaborated with Nicki Minaj, Halsey, and Ed Sheeran. In 2017 they won the Billboard award for top social artists, beating Justin Bieber and Selena Gomez. In 2018 BTS partnered with UNICEF, Converse, Coca-Cola, Puma, and Hyundai. Their stadium shows around the world quickly sold out. In 2019 they performed at Soldier Field and MetLife Stadium generating over \$30 million in ticket sales.

Their Love Yourself/Face Yourself Tour generated over \$100 million. In addition, BTS set a new Guinness world record for most viewers from their latest online concert. Their music concert live stream record had 756,000 fans from over 100 countries that tuned in to the online performance on June 14th of 2020. The concert was called "Bang Bang Con: The Live" and lasted for a little over an hour and a half and is now the world's biggest paid online music event in terms of the number of viewers. To understand how big the audience was, the online crowd was equivalent to filling 15 offline stadium concerts.

Note 2: Netmarble, one of the biggest gaming companies in Korea bought 26% of Big Hit Entertainment back in 2018. The partnership was created to develop mobile games based on BTS. In 2020 they released BTS World, which allows gamers to take on the role of BTS's band manager. The game has already brought in over \$3 million since its launch. Furthermore, Bit Hit Entertainment acquired Source Music, a Korean agency that represents Gfriend and Korean music gaming start up Superb.

JYP Entertainment

Head Office: JYP Center, Gangdongdae-ro, Gangdong-gu, Seoul

Senior management: Jung Wook (CEO)

Services: Music Production, Publishing, New Artist Development, Artist Management

Artists: 2PM, TWICE, GOT7, DAY6, 15&, Stray Kids, JJ Project, NiziU, Jus2, 3Racha, ITZY, J.Y. Park, and Yubin

Estimated Market Cap: \$1.1 billion

Website: <https://www.jype.com>

Contact: jypbusiness@jype.com

Note 1: TWICE and GOT7 recently formed a partnership with The Orchard in hopes of expanding their reach outside of Korea. The Orchard is a part of Sony Music Entertainment. They are in charge of global digital and physical distribution. This will help JYP enter the U.S. and European markets in 2021. JYP Entertainment partnered with The Orchard in 2019. They will work together for global digital and physical distribution. In addition, JYP Entertainment will be able to release their content to the US, UK, and more through The Orchard.

Note 2: JYP Entertainment and SM Entertainment will launch a joint company for virtual concerts. It will be called Beyond Live Corp. and it will operate to expand the paid Beyond Live online concert series which was created in 2020 between SM and Naver. Beyond Live uses AR technology and allows for real-time artists to audience interactions. TWICE already held a paid online concert on Beyond Live.

YG Entertainment

Head Office: 3 Huijeong-ro 1-gil, Mapo-gu, Seoul

Senior management: Hwang Bo-kyung (CEO)

Services: Record label, talent agency, music production company, event management and concert production company, and music publishing house. In addition, the company operates a number of subsidiary ventures under a separate public traded company, YG PLUS, which includes a clothing line, a golf management agency, and a cosmetics brand.

Artists: Jinusean, Sechs Kies, Big Bang, Akdong Musician, Winner, iKon, BLACKPINK, Treasure, Hi Suhyun, MOBB, Treasure, Magnum, Eun Ji-won, G-Dragon, T.O.P., Taeyang, D-Lite, CL, Dara, Lee Hi, Yoon, Mino, Jinu, Bobby, and Jennie.

Estimated Market Cap: \$860 Million

Website: <https://www.ygfamily.com>

SM Entertainment

Head Office: 648, Samsung-ro (52-1, Samseong-dong), Gangnam-gu, Seoul

Senior management: Lee Sung-soo (CEO); Tak Young-joon (CMO)

Services: Record label, talent agency, music production company, event management and concert production company, and music publishing house.

Artists: S.E.S., TVXQ, Girl's Generation, Super Junior, SuperM, Shinee, f(x), EXO, Red Velvet, NCT, BoA, Kangta, J-Min, Sunday, Taemin, Dana, Amber, Taeyeon, Luna, Victoria, Lay, Yoona, Yuri, Key, Onew, Chen, U-Know, Sulli, Baekyun.

Estimated Market Cap: \$665 Million

Website: <https://www.smentertainment.com>

Note 1: After getting investments from Alibaba and now Tencent, the SM penetration has been growing in China. The SM YouTube channel has over 25.9 million subscribers. Data shows that over 90% of the subscribers are from outside Korea, the vast majority in China. The strategic partnership with Tencent Music Entertainment will help SM Entertainment's distribution and marketing in the Chinese music market.

Note 2: US-based Creative Artists Agency (CAA) located in Los Angeles has partnered with SM Entertainment. CAA is considered one of the biggest sports and entertainment agencies in the world. They represent superstar artists such as Beyonce and Ariana Grande. The two companies will work together to showcase SM's K-pop Groups to the US market. They will work together on TV production, performances, and advertising. The two groups SM will push in 2021 will be NCT 127 and SuperM who both had great runs in 2019 and 2020.

Stone Music Entertainment – a private company within CJ ENM

Head Office: CJ E&M Center, Sangam Sanro 66, Mapo-gu, Seoul

Senior management: Heo Min Heoi (CEO)

Services: Record label, talent agency, music production company, event management and concert production company, and music publishing house.

Artists: Off the Record Entertainment (IZ*ONE and Fromis_9), MMO Entertainment (Kim Feel, IN2IT, and Son Ho-young), LM Entertainment (Yoon Ji-sung), Studio Blu (Heize, DAVII, \$ammy, Truedy, and Mia), Swing Entertainment (X1 and Kim Jae-hwan)

Estimated Market Cap: \$200 Million

Website: <http://stonemusicent.net/home> / <https://www.cjenm.com>

KONNECT Entertainment

Head Office: 7 Eonju-ro 159-gil, Apgujeong-dong, Gangnam-gu, Seoul

Senior management: Kang Daniel (Founder & CEO)

Services: Music Production, Music Publishing, Artist Management

Artists: Kang Daniel

Estimated Market Cap: Unknown

Website: <http://en.danielk.konnentent.com/>

Notes: Ostensibly a one-man label and agency set up by and for Kang Daniel, following his departure from the K-Pop boyband Wanna One. Distribution appears to be via Sony.

KQ Entertainment

Head Office: J Studio 3F, 28, Donggyo-ro 25-gil, Mapo-gu, Seoul

Senior management: Kim Kyu Wook (Founder & CEO)

Services: Music Production, Music publishing, Artist Management, Artist development

Artists: ATEEZ, KQ Fellaz, Block B, Zico, Eden, Babylon

Estimated Market Cap: \$40m

Website: <http://kqent.com/>

Notes: Established in 2016 by Kim Kyu Wook and incorporating Block B's label Seven Seasons Entertainment, the company's fortunes have been boosted by the runaway success of ATEEZ over the last two years. Said to be interested in expanding globally.

Pledis Entertainment

Head Office: 5, Bongeunsa-ro 67-gil, Gangnam-gu, Seoul,

Senior management: Han Sung-soo (Founder & CEO)

Services: Music Production, Artist Management

Artists: NU'EST, Seventeen, Nana

Estimated Market Cap: New owners Big Hit estimated at \$5.5bn

Website: <http://www.pledis.co.kr>

Notes: Founded by Han Sung-soo in 2007, Pledis was officially acquired by majority shareholder Big Hit Entertainment last year after the deal was approved by the Fair Trade Commission, although it apparently continues to operate independently. CEO Han Sung-soo was caught up in a scandal last year after fraudulently registering music copyrights for the band Iz*One under his wife's name.

RBW

Head Office: B1, 7, Janghan-ro, 20-gil, Dongdaemun-gu, Seoul

Senior management: Kim Jin-woo & Kim Do-hoon (Co-Founders and joint CEOs); Kim Kyung-ho (Vice-President & CFO)

Services: Music production, Music PR, Artist Management, Artist Development, Music Television Production

Artists: Oneus, Mamamoo, Vromance, Onewe, Purple Kiss, Hwasa

Estimated Market Cap: \$30m

Website: <http://www.rbbridge.com/>

Notes: Fuelled by the success of Mamamoo and related solo projects, Rainbow Bridge World is said to be one of the fastest growing Korean entertainment companies and has earned several business awards including the 'Tower of Million Dollar Export' by the Korea International Trade Association last year.

Starship Entertainment

Head Office: 4F, 4-5, Samseong-ro 146-gil, Gangnam-gu, Seoul

Senior management: Kim Shi-dae (Co-Founder, President & CEO); Seo Hyun-joo (Co-Founder & Executive Director); Kim Young-suk (Co-Founder & Executive Director)

Services: Music Production, Music Publishing, Artist Management

Artists: IU, Cosmic Girls, Monsta X, Boyfriend, K.Will, Soyou, Jeong Sewoon, Cravity

Estimated Market Cap: \$70m

Website: <https://www.starship-ent.com/>

Notes: Founded in 2008 and considered one of the pioneers of K-Pop's new wave, the company was acquired by LEON Entertainment (now Kakao M) in 2013 and now operates as an independent subsidiary.

2. Foreign Music Companies in The Republic of Korea

Sony Music Entertainment Korea Co., Ltd.

Head Office: 20th floor, B-dong, Kyobo Tower, 465 Gangnam-daero, Seocho-gu, Seoul (1303-22 Seocho-dong)

Representative: Andrew George Smith

Website: <https://www.sonymusic.co.kr/>

Universal Music

Head Office: 4F A&A 130-29 Nonhyeon-dong, Gangnam-gu, Seoul

Representative: Beomjun Yang

Warner Music Korea

Head office: 24F Luther B/D, 42 Olympic-ro 35da-gil, Songpa-gu, 05510 Seoul, Republic of Korea

Phone: + 82 2-560-7900

Email: warnermusic.korea@warnermusic.com

Website: <https://www.warnermusic.co.kr/>

Representative: Clayton Jin

3. Online Services

Download Services

Bell 365

<http://www.bell365.com/>

Bugs

<https://music.bugs.co.kr/>

Genie

<https://www.genie.co.kr/>

God People

<https://www.godpeople.com>

Melon

<https://www.melon.com/>

Mnet

<https://www.cjem.net:433/business/music>

Monkey 3

<http://monkey3.momople.com/>

Soribada

<http://www.soribada.com/>

Subscription Service

Apple

<https://www.apple.com/apple-music/>

Bugs

<https://music.bugs.co.kr/>

Deezer

<https://www.deezer.com/ko/>

Flo

<https://www.music-flo.com/>

God People

Melon

<https://www.melon.com/>

Mnet
<https://www.cjem.net:433/business/music>
Monkey 3
<https://www.godpeople.com>

<http://monkey3.momople.com/>
Soribada
<http://www.soribada.com/>

Advertising supported services

Naver TV Cast
<https://tv.naver.com/>
Deezer
<https://www.deezer.com/ko/>

YouTube
<https://www.youtube.com/>

C. Piracy

In practice, in Korea, piracy of music does not appear to have the same disruptive impact it has in other markets.

The country has a central organisation – the Korea Copyright Protection Agency (see above) – which is responsible for policing online infringements of rights in music and video; it employs a sizable staff and uses state of the art technology for monitoring illicit online activity. Every year both this organisation and the Korean Copyright Commission issue gushing reports about the efforts of the Government to deal with the online piracy problem; the reports are replete with plans and statistics.

An effort is needed because with the capacity of the networks, the world wide diffusion of K-Pop and the high technology literacy in the country a significant level of online piracy can be assumed. Accurate piracy statistics do not exist. Inevitably, the major piracy problems emanate from outside Korea whether as services or as facilities for sharing and storing illegal copies. (The latter are referred to as “cyberhard” storage facilities.)

There were reports in 2019 that the Government was considering the introduction of legislation enabling the blocking of access to pirate sites outside Korea (as exists, for example, in Singapore); the current state of this proposed legislation is not known.

The reason for suggesting that the impact of piracy is not as great in Korea as it is elsewhere is based on two observations.

First, regardless of good intentions, the Korean Copyright Protection Agency seems little more than a cosmetic exercise established to validate the terms of Korea’s Free Trade Agreement with the US. Indeed, Korea insiders assert that much of the public copyright effort in recent years was initiated to remove Korea from the US Government’s watch list of problem trade partners.

Second, the integrated, digital base of much of the K-Pop industry means that the simple circulation of copies of the music only represents a part of the legitimate offering. True fans shun illegitimate copies.

This is not to deny the problem, simply to suggest that fighting piracy is not a major preoccupation among the major Korean entertainment conglomerates.

Taiwan

I. The Legal Framework

A. National law

The copyright system in Taiwan dates from 1928 and has been amended some twenty times. Unlike Japan and the Republic of Korea, the Taiwan Copyright Act does not distinguish between author's rights and neighbouring rights. Musical works, sound recordings and performances are all treated as "works" under the law. "Work" means a creation that is within a literary, scientific, artistic, or other intellectual domain.

Works by foreign authors

Works of foreign nationals must comply with one of the following conditions in order to enjoy copyright under this Act:

- Works that are first published in the territory under the jurisdiction of Taiwan or are published in the territory under the jurisdiction of Taiwan within thirty days after their first publication in territory outside the jurisdiction of Taiwan (subject to strict reciprocity);
- Where by treaty or agreement, or under the domestic acts, regulations, or standard practice of the home country of the foreign national, works of persons of Taiwan enjoy copyright in such country. (Reciprocity)

Rights of Authors

"Author" means the person who has created a work. In the case of a work made by an employee or upon commission, the copyright shall, subject to agreement otherwise, vest in the employee or in the person commissioned while the economic rights in the work so created shall vest in the employer or commissioner.

Economic Rights

Authors enjoy the following exclusive rights:

- Right of Reproduction (Article 22)

Authors have the exclusive right to reproduce their works. Additionally, performers have the exclusive right to reproduce their performances by means of sound recording, video recording, or photography

- Right of Public Performance (Article 26)

Authors of oral and literary, musical, and dramatic/choreographic works have the exclusive right to publicly perform their works. Performers have the exclusive right to publicly perform their performances. Where a sound recording is publicly performed, the author may claim payment of remuneration for use from the persons who publicly performed it.

- Right of Public Transmission (Article 26-1)

Authors of works have the exclusive right of public transmission of their works. Performers have the exclusive right of public transmission of their performances reproduced in sound recordings.

- Right of Broadcast (Article 24)

Authors have the exclusive right to publicly broadcast their works. This provision shall not apply to further public broadcasts of a performance after that performance has been reproduced or publicly broadcast.

- Right of Distribution (Article 28-1)

Authors of works have the exclusive right to distribute their works through transfer of ownership. Performers have the exclusive right to distribute their performances reproduced in sound recordings through transfer of ownership.

- Right of Rental (Article 29)

Authors of works have the exclusive right to rent their works. Performers have the exclusive right to rent their performances reproduced in sound recordings.

- Right of Translation and Adaptation (Article 27)

An author has the right to translate his/her work, compose a musical arrangement of it, reformulate it, dramatize it, make a film adaptation of it, or otherwise adapt it

- Right of the Production of Derivative Work and Compilations (Article 28)

Authors of works have the exclusive right to adapt their works into derivative works or to compile their works into compilation works. This provision shall not apply to performances

Term of Protection

The economic rights in a work created by a natural person will subsist for the life of the author and until fifty years after the author's death. Where a work is first publicly released between the fortieth and fiftieth years after the author's death, the economic rights shall endure for a term of 10 years beginning from the time of the first public release.

The economic rights in works authored by a legal person subsist for fifty years from the first publication of the work. Where a work is not publicly released within fifty years from its completion, the economic rights shall subsist for fifty years after completion of the creation.

The economic rights in audiovisual works, sound recordings, and performances subsist for 50 years from the first publication of the work.

B. International Law

Taiwan is not party to any of the international copyright treaties. It is a member of the World Trade Organisation and has committed to apply and enforce the provisions of the WTO TRIPs agreement on intellectual property rights. It became a member of the World Trade Organisation (WTO) on January 1st 2002 and has since applied the principle of national treatment in the TRIPs agreement of the WPO GATT provisions. The works of nationals of other member states of the WTO TRIPs agreement enjoy full protection under the Taiwan Copyright Act.

II. The Institutional Framework

A. Public

The Taiwan Intellectual Property Office, MOEA

**3F., No. 185, Sec. 2,
Sinhai (Xinhai) RD., Da-an District,
Taipei City 106, Taiwan, R. O. C.
Tel: + 886-(02)-2738-0007
Fax: + 886-(02)-2377-9875
Email: ipo@tipo.gov.tw**

Director General's Mailbox
hotline@tipo.gov.tw
International Affairs & General Planning Division
ipogp@tipo.gov.tw
Copyright Division
ipocr@tipo.gov.tw

The Taiwan Intellectual Property Office (TIPO) was Established in 1999 bringing together patent, trademark, copyright, IC layout and trade secret authorities into a single agency. TIPO is an administrative agency under the Ministry of Economic Affairs (MOEA) with responsibility for intellectual property (IP) policy formulation, the drafting of IP laws , and inter-agency enforcement coordination. As of December 2019 it had 789 full-time employees.

The first Taiwan three-year IP Action Plan was launched in 2002 and subsequently reformulated in 2005, 2008, 2011, 2014, and 2018. The main objectives of the latest Action Plan include:

- Increasing enterprises' R&D and innovation capability
- Establish an IPR legal regime that suits domestic environment and aligns with international regulations
- Effectively investigating counterfeit and piracy activities and strengthen trade secrets protection
- Implementing border measures
- Enhancing online copyright protection
- Training of enforcement officers
- Improving public awareness of IPR protection
- Strengthening global cooperation and overseas IPR protection.

A specialised IP Court was established on 1 July, 2008 with 14 judges and 12 technical examiners assisting judges with technical issues.

The Bureau of Audiovisual and Music Industry Development ROC Ministry of Culture

**No. 3, Section 1,
Kaifeng Street,
Zhongzheng District,
Taipei City 10047
Tel: (02) 2375-8368
Website: <https://www.bamid.gov.tw>**

The Bureau of Audiovisual and Music Industry Development (BAMID) was established May 20, 2012 under the Ministry of Culture. It undertakes missions previously performed by the former Government Information Office of the Executive Yuan to help with the development of Taiwan's film, radio & TV, and popular music industries.

Taiwan's popular music has long been, along with Hong Kong, a prime engine driving evolution of Chinese-language music. In response to trends in the development of digital and other technologies as well as of the Internet, BAMID provides assistance to Taiwan's music enterprises in their efforts to upgrade their operations through advancement of production processes and techniques, marketing promotion strategies, and talent development.

BAMID sponsors the Golden Melody Awards, the highest-profile awards ceremony in the Chinese-language popular music world. Its aims are to enliven Taiwan's domestic market while at the same time boosting development of diverse overseas performance and marketing opportunities; to catalyse synergy between creative talents; and to promote Chinese-language popular music as a leading force in the global music scene.

BAMID initiatives include:

1. Talent Development

- Promotion of A&R Projects for advancing the professionalism and skills of popular music agents
- Encouragement of professionals in Taiwan's popular music world to study abroad, and support for arrangements to bring in foreign experts to share their experience and skills
- Promotion of cooperation between private enterprise and educational institutions, including the establishment and development of school departments and curricula focusing on popular music
- Subsidization of projects for cultivating creative talents in different ethno-linguistic traditions and of related academic activities.

2. Production Assistance

Promotion of R&D projects for stimulating cross-fertilization between different professional realms and talents, so as to encourage evolution of diversified genres of popular music and formulation of new business strategies, thereby advancing their common progress.

3. Technological Innovation

- Subsidisation of popular music enterprise' application of digital technology and mobile broadband services to produce and broadcast innovative content
- Energisation of international marketing of Taiwan's popular music by assisting in the establishment of the 'Taiwan Beats' Internet community platform, which provides audiovisual and related informational content.

4. Marketing Promotion

- Enhancing the international standing of Taiwan's popular music industry by organising international popular music exhibitions and exchange activities, such as the Golden Melody Awards & Festival (GMA) and the World Music Festival

- Encouragement of diversification of export markets, including subsidisation of efforts to stimulate cross-national and cross-territorial confluence of resources and mutually advantageous cooperation in order to expand markets for live performances and musical products
- Support for participation in major music-industry trade shows and music festival performances, aimed at elevating the international image of Taiwan's popular music.

5. Awards and Incentives

- Sponsoring of the Golden Melody Awards to reward the efforts of popular music enterprises and key workers, with the aim of maintaining its reputation as the most prestigious awards event in the Chinese-language pop music world and elevate its status in the international music world
- Sponsoring of the Golden Indie Music Awards, aimed at encouraging diversification and innovativeness of popular music composition, enriching the creative energy of Taiwan's popular music
- Sponsoring of the Taiwan Composition and Songwriting Contest to spur the momentum of Holo-language, Hakka-language and indigenous Austronesian-language popular music creation, as well as to encourage the transmission, recording and preservation of the cultural heritages of Taiwan's various ethno-linguistic communities.

B. Private

MÜST - Music Copyright Society of Chinese Taipei
104, 4th Floor, No. 71, Section 2,
Nanjing East Road,
Zhongshan District,
Taipei City
Tel: 02-2511-0869

MÜST is responsible for collectively licensing the three rights of the public broadcasting, public transmission and public performance of musical works.

In accordance with the relevant provisions of the "Regulations on Copyright Intermediary Organisations" MÜST is a corporate legal entity composed of domestic music copyright owners. The competent authority, the Ministry of the Interior (now TIPO) approved the establishment and obtained the legal person registration certificate.

MÜST was established in February 1988 by a number of well-known songwriters and the copyright departments of major music publishing companies and record companies. The first chairman of the meeting was Wu Tsu Tsu who remains in that position as of today. The CEO/Director General is Yenny Tsai.

MÜST is a member of CISAC. It currently represents around 200,000 domestic musical works on behalf of 1,776 members.

MPA Taiwan

Address: 9th Floor-1, No. 400, Section 2, Bade Road, Songshan District, Taipei City
Phone: + 886 0905-527-616
Email: mpataiwan1999@gmail.com

The Music Publishers Association of Taiwan (MPA) was formally established on June 23rd, 1988. There were 17 founding members including the six major international copyright companies. There are 28 members.

The MPA provides copyright information about its members' musical works, promotes various uses of its members' repertoire and sets up licensing guidelines for such uses. Other tasks include:

- Advising members on the impact of new technologies
- Advising on international law following Taiwan's joining of the WTO
- Organising research on copyright and licensing practices
- Promoting the use of technology in the protection of copyright and the improvement of copyright law in response to technology.

The organisational structure of the Association is as follows:

- General Assembly is the ultimate authority, the Council is the executive body
- There is a Supervisory Board
- The board of directors has a chairman, two executive directors, and six directors, a total of nine directors
- The board of supervisors has one standing supervisor and two supervisors, a total of three supervisors
- The association has another secretary-general to handle daily affairs.

The current directors and supervisors are as follows:

- Chairman: Ma Lihua (Universal Music Publishing Co., Ltd.)
- Executive Director: Lin Tinglan (Avex Co., Ltd.)
- Ji Yayun (Hong Kong Warner Music Publishing Co., Ltd. Taiwan Branch)
- Chen Jianwen (Taiwan Rock Music Brokerage Co., Ltd.)
- Zhong Yuxuan (Fumao Music Copyright International Co., Ltd.)
- Jin Xiangyun (Believe Music International Co., Ltd.)
- Guo Peifen (Fenghua Music Agency Co., Ltd.)
- Chen Junchen (Changxia Music Brokerage Co., Ltd.)
- Wu Jiaqian (Hong Kong EMI Music Co., Ltd. Taiwan Branch)
- Standing Supervisor: Huang Wenling (Huayan Music Brokerage Co., Ltd.)
- Supervisor: Lin Wenxiu (Shida Music Co., Ltd.)
- Supervisor: He Xiukun (Jiewell Music Co., Ltd.)

The list of current members is set out in Annex B.

RIT - Taiwan Record Publishing Foundation
A 3rd Floor, No. 83, Section 4,
Bade Road,
Songshan District,
Taipei City
Tel: (02)2718-8818
Email: info@rit.org.tw

RIT is the organisation representing the members of IFPI in Taiwan. Its CEO Robin Lee was appointed in 1986. RIT's task is the fight against piracy in Taiwan and the lobbying for improvements in copyright law and enforcement for its members.

ARCO – Taiwan Recording Copyright Owners Association
3F. No. 83, Sec. 4, Bade Rd., Sungshan Chiu Taipei
Tel: + 886-2-2718-9517
Fax: + 886-2-2742-0621
Email: info@arco.org.tw

ARCO is the organisation set up by the IFPI members in Taiwan for the purposes of collective management of certain of their performance rights.

III. The Business Environment

A. Profile

For many years, alongside Hong Kong, Taiwan has been a main source of Chinese language repertoire which not only commands a 70% share of the local market but is also important throughout Asia, including mainland China and Singapore, where Taiwanese artist Eric Chou boasted the second-biggest single 2019. The Taiwanese market was rated the 27th largest in the world in the latest IFPI GMR report, although it shrank by 1.8% overall.

The Taiwan market is a relatively open market both for production and sales with all the major international labels long established there. There are also major local companies such as Rock Records and Linfair Records which have existed for some 40 years and there are numerous younger companies as well.

Production music is also an important part of the industry with leading players such as Wind Music (<https://www.windmusic.com.tw/>), UJOYSOUND INC. (<http://www.ujoyssound.com>), Echo Music (<https://www.echomusicpg.com/tc/about>) and Point Culture (http://culture.pointgroup.com.tw/about_en.php).

The vast majority of music consumption is via online services (see below), although it's diminishing physical market is still relatively healthy by international standards and is rated the 16th biggest globally by the IFPI. Vinyl sales make up a much higher proportion of physical revenues than in Japan or South Korea (and in fact generate the same income as the latter), contributing US\$2.1m to the overall total of US\$14.4m.

Music video streaming and ad-supported audio streaming both saw significant growth in 2019, although subscription streaming revenue actually fell slightly. Despite this, subscriptions still make up more than half of total recorded music revenues.

Taiwan's US\$2m synchronisation market is ranked 12th in the world by the IFPI, having expanded by a fifth in 2019 and more than doubled since 2016. Performance rights remain stable year-on-year.

B. The Market

1. The Major Taiwanese Music Companies

HIM

Head Office: Floor 15, No.135, Section 2, Jian'guo North Road, Jhongshan Dist., Taipei City, 104

Senior management: Lu Yan-qing (CEO & Chairman); He Yan-ling (General Manager)

Services: Music Production, Music Publishing, Artist Management

Artists: F.I.R., Ai Fukuhara, No Talent

Estimated Market Cap: NT\$5.34bn

Website: <https://www.him.com.tw/>

Notes: Established in 1999, Huayan International Music incorporated Grand Music in 2000 and Tiger Music in 2002, and appeared on Forbes' 'Asia's 200 Best Under A Billion' list in 2017.

Linfair

Head Office: 100 12th Floor, No. 112, Section 1, Zhongxiao East Road, Taipei City

Senior management: Zhang Gengyu (Co-Founder & Chairman)

Services: Music Production, Music Publishing, Artist Management

Artists: Dino, Justin Lin

Estimated Market Cap: Reported to have NT\$29.8m in capital

Website: <http://www.linfairrecords.com/>

Notes: First established in 1961 by Zhang Renfeng (the father of current Chairman Zhang Gengyu), it briefly became Decca Records Taiwan in the nineties after Polygram bought a controlling stake. However, in 2002 Zhang Gengyu and his sister Zhang Xiaoyun bought back Polygram's shares and reestablished Linfair as an independent label.

Rock Records Co.

Head Office: 21-17, Lane 120, Section 1, Neihu Road, Neihu District

Senior management: Tuan Chung-i (Co-Founder & Chairman)

Services: Music Production, Music Publishing

Artists: Shi Shi, Wakin Chau, Bobby Chen

Estimated Market Cap: Reported net income of NT\$186m in 2019

Website: <http://www.rock.com.tw/>

Notes: One of the biggest independent labels in Asia, Rock Records has recovered from major financial damage sustained during the '00s, thanks largely to increased royalties from streaming sites in mainland China that have helped combat piracy in that market. As well as Taiwan, Rock Records also has offices in Japan, Singapore, Malaysia, South Korea and The Philippines.

Other Companies

Forward Music

<http://www.forward-music.com/>

Water Music

<https://www.watermusic.com.tw/>

Point Chinese Production Music

<http://culture.pointgroup.com.tw>

Wind Music Taiwan

<http://www.windmusic.com.tw/>

Ob Taihe Music

<http://ob.taihe.com/>

Seed Music Taiwan

<http://www.seedmusic.com.tw/>

Bin Music

<https://www.bin-music.com.tw/>

JVR Music Taiwan

<http://www.jvrmusic.com/>

Sunrise Records

<http://www.sunrise-records.com/>

Asia Muse

<http://www.asiamuse.com.tw/>

IDSon

<http://www.idson.com.tw>

A Star Music

<http://www.a-star.com.tw/>

Pourquoi Pas Music

<http://pqpmusic.com/>

2. Foreign Music Companies in Taiwan

Avex Taiwan

<http://www.avex.com.tw/>

Warner Music Taiwan

<https://www.warnermusic.com.tw/>

Universal Music Taiwan

<http://www.umusic.com.tw>

Sony Music Entertainment Taiwan Co., Ltd.

<https://www.sonymusic.com.tw/>

3. Members of the MPA Taiwan

Alfa Music International Co., Ltd.

Address: 11494 Lake Road, Neihu District, the new 146, Lane 186 F,

Tel: + 886-2-2793-8056

Fax: 02-2769-6607

Contact Person: Dai Kefang extension 609

Email: c00783@alfamusic.com.tw

Website: www.alfamusic.com.tw

KD Music Brokerage Co., Ltd.

Address: 3rd Floor, No. 536, Bei'an Road, Zhongshan District, Taipei City 104244

Tel: + 886-2-2799-5286

Fax: + 886-2-2799-5287

General Manager: Roni Kao Extension 198

Authorized Contact: Penny Su ext. 175

Email: copyright@codenmusic.com

URL: <https://www.facebook.com/codenmusic>

Taiwan Rolling Stone Rock Music Publishing Co., Ltd.

Address: 11493 Lake Road in Taipei within a period of 120, 2nd Floor, No. 17, Lane

Tel: + 886-2-2799-8168

Fax: + 886-2-6601-7700

Copyright Department Manager: Chen Jianwen Sara Chen ext. 7721

Email: sara.chen@rock.com.tw

Authorized Department Specialist: Zhuang Meiling Jessica Chuang ext. 7724

Email: jessica.chuang@rock.com.tw

Copyright Authorization Specialist: Guo Weiyu Peiyu Kuo ext. 7723

Email: peiyu.kuo@rock.com.tw

Rolling Stone Shopping Network: <https://www.rockmall.com.tw>

Taiwan Qi Ya Co. / Peer Music (Taiwan) Ltd.

Address: 10595 Songshan District, Taipei Nanjing East Evergreen Terrace, Springfield No. 188 6F-4

Tel: + 886-2-2747-3008

Fax: + 886-2-2747-3115

Contact: Ye Meiling

Email: byeh@peermusic.com

Website: www.peermusic.com

AVEX Co., Ltd.

Address: 11051, 11th Floor, No. 415, Section 4, Xinyi Road, Xinyi District, Taipei City 11051

Tel: + 886-2-2720-0138

Fax: + 886-2-2720-0738

Copyright: Lin Tinglan

Email: tina@oneasiamusic.com

Copyright: Chen Cihui Email: amy@oneasiamusic.com

Cool Asia Music Co., Ltd.

Address: 11051, 11th Floor, No. 415, Section 4, Xinyi Road, Xinyi District, Taipei City

Tel: + 886-2-2720-0138

Fax: + 886-2-2720-0738

Deputy General Manager: Lin Tinglan

Email: tina@oneasiamusic.com

Copyright Manager: Chen Cihui Email: amy@oneasiamusic.com

Hong Kong EMI Music Co., Ltd. Taiwan Branch (EMI)

Address: 105 3rd Floor, No. 165, Section 4, Nanjing East Road, Taipei City

Tel: + 886-2-2717-0606

Fax: + 886-2- 2715-5918

Licensing Department: Wu Jiaqian Julia Wu ext. 168

Email: julia.wu@sonyatv.com

Hong Kong Warner Music Publishing Ltd., Taiwan Branch / Warner Chappell Music, Hong Kong Limited Taiwan Branch

Address: 105 Songshan District, Taipei City 133, paragraph 4 Minsheng East Road, 10th Floor

Tel: + 886-2-2719-9168

Fax: + 886-2-2719-9180

Licensing: Marie Wu extension 819

Royalties accounting: Vanessa Su extension 811

A&R: Hanna Yu extension 817

A&R: Jessica Chang extension 810

Fenghua music Brokerage Co., / Ltd. Forward Music Publishing Co., Ltd.

Address: 11493 Neihu District Chau Street, 79 of the sub-floor, 110

Tel: + 886-2-2367-8866

Fax: + 886-2-2658 - 2600

Licensing: Zheng Yuwei Sophie EXT 926 / sophiecheng@forward.com.tw

A&R: Huang Weiren (Mario) EXT 928 / mariohuang@forward.com.tw

URL: <https://www.facebook.com/ForwardMusicPublishing>

Changxia Music Brokerage Co., Ltd.

Address: 11494, 6th Floor, No. 28, Lane 78, Xing'ai Road, Neihu District, Taipei City 11494

Tel: + 886-2-2809-2633

Fax: + 886-2- 2809-2733

Contact: Chen Junchen Extension 196

Email: Summery@seed.net.tw

JVR Music Ltd. / JVR Music Int'l Ltd.

Address: 105 Changchun Road, Taipei 451, 11th Floor

Tel: + 886-2-2547-5588

Fax: + 886-2-2713-6221

Copyright / Multimedia Director: Susy Ho extension 820

Copyright Specialist: Shelley extension 828

Email: shelley@jvrmusic.com

Sony/ATV - Singapore Sunshine International Copyright Co., Ltd. Taiwan Branch (Sony)

Address: 105 3rd Floor, No. 165, Section 4, Nanjing East Road, Taipei City

Tel: + 886-2-2717-0606

Fax: + 886-2- 2715-5918

General Manager: Sarah Wu

Licensing Department: Wu Jiaqian Julia Wu Ext. 168

Email: julia.wu@sonyatv.com

Website: www.sonyatv.com

Wind Music - Fengchao Music Brokerage Co., Ltd.

Address: 231, 4th Floor, No. 16, Lane 130, Minquan Road, Xindian District, New Taipei City

Tel: + 886-2-2218-5881

Fax: + 886-2-2218-9484

Manager: Liao Jinhui Annie Extension 171

Commissioner: Hong Peiyi (Amy) Extension 177

Email: RGH@windmusic.com.tw

Website: www.windmusic.com.tw

Fu Mao Music Copyright International Co., Ltd.

Address: 100 12th Floor, No. 112, Section 1, Zhongxiao East Road, Taipei City

Tel: + 886-2-2394-1828

Fax: + 886-2-2396-9795

Copyright Manager: Rainy Zhong, Extension 294

Email: rainy.chung@fmusic.com

Copyright Specialist: Ye Jiahui Sophie ext. 254

Email: sophie.yeh@fmusic.com

Tianyi Chuangyue Studio

Address: 6th Floor, No. 210, Section 3, Bade Road, Songshan District, Taipei City 10555

Tel: + 886-2-2254-4076 / + 886-2-2577-2767

Copyright Officer: He Minqi

Email: belinda.bubu@gmail.com

Universal Music Publishing Co., Ltd. (Universal)

Address: 10556 Bade Road in Taipei Songshan paragraph 2 No. 4009 F

Tel: + 886-2-2731-0118

Fax: + 886-2-2731-1967

General Manager: Ma Lihua serena.ma@umusic.com extension 8858

Music Promotion Specialist: Huang Bocheng jay.huang@umusic.com extension 8958

Copyright Manager: Lin Qiuzi akiko.lin@umusic.com extension 8953

Licensing Manager: Wang Jingqi joyce.wang@umusic.com extension 8951

Licensing Assistant Manager: Lin Wanchun ruby.lin@umusic.com ext. 8955

Achievement Music Copyright Co., Ltd.

Address: 100 2F, No. 5, Lane 224, Bo'ai Road, Zhongzheng District, Taipei City

Tel: + 886-2-8786-9968

Fax: + 886-2-8786-5689

Contact: Yan Chengying Extension 217

Email: aggie@seedmusic.com.tw

Dachao Music Agency Co., Ltd.

Address: 105 Fujin Street 381, Taipei City

Tel: + 886-2-2768-6685

Fax: + 886-2-2768-9008

Contact person: Xu Xiumei (Julie) Hsu ext. 61 / Xu Xiuyun (Amy) Hsu ext. 18 / Liu Yizhi (Louise) Liu ext. 14

Shida Music Co., Ltd. (Great Music)

Address: 105, 5th Floor, No. 442, Changchun Road, Taipei City

Tel: + 886-2-2546-1580

Contact person: Lin Wenxiu

Email: mp.great@msa.hinet.net

Rhinotech Music Agency Corporation / HIM Music Publishing Inc.

Address: 104 Jianguo North Road, Taipei, No. 135, Sec 4th Floor

Tel: + 886-2-2512-1919 **Fax:** + 886-2-2512-3535

Contact: Zhou Ming Renni Chou ext. 8006

Email: renni@him.com.tw

Believe Music International Co., Ltd.

Address: 105, 6th Floor, No. 12, Lane 33, Guangfu South Road, Songshan District, Taipei City, Taiwan

Tel: +886-2-2768-9328 **Fax:** +886-2- 7746-1201

Copyright: Huang Jiawen (Carmen) Extension 145

Email: carrmen@bin-music.com.tw

Copyright: Cao Yawen (Rita) ext. 188

Email: rita@binrecord.com

AsiaMuse Entertainment Co., Ltd.

Address: 10683, 20th Floor, No. 76, Section 2, Dunhua South Road, Daan District, Taipei City, 10683

Tel: + 886-2-2755-2216

Fax: + 886-2-2755 -2276

Deputy General Manager: Francine Yen Extension 122 Email: francine.yen@asiamuse.com.tw

Copyright Director: Doris Lee Extension 115 Email: doris.lee@asiamuse.com.tw

Star Entertainment Music Co., Ltd.

Address: 114, 3rd Floor, No. 12, Lane 321, Sunshine Street, Neihu District, Taipei City

Tel: +886-2-7730-2128

Fax: +886-2-2659-7219

Contact: Chen Lianyi Extension 202 Email: lydia@xymusic.com

Noble Records Co., Ltd.

Address: No. 45, Lane 136, Section 3, Chongqing North Road, Datong District, Taipei City, 10362

Tel: +886-2-2586-5835 **Fax:** +886-2-2599-2216

Contact: Chen Xiangjun Extension 134

Email: copyright@noblemusic.com.tw

URL: <https://www.noblemusic.com.tw/>

Six products Enterprise Co., Ltd. (Wo International Media) / Harvest International Media Co., Ltd.

Address: Xinzhuang District, New Taipei City 242 New North Road, three sections of 29, 24th Floor,

Tel: 02-8521-2778 **Fax:** 02-8521-2855

Contact Person (General Manager): Wang Zhiming

Email: willy.wang@harvestinmedia.com

Contact Person (Copyright Manager): Sun Xinqiao

Email: alina.sun@harvestinmedia.com

Sound Shao culture Ltd. Point Culture Co., Ltd

Address: Bade Road, Taipei 165, paragraph 4, 4th Floor

Tel: 02-8787-4775 **Fax:** 02-2761-5460

Contact Person: Lin Yu Zhen

Email: joyce.lin@pointgroup.com.tw

URL: <http://culture.pointgroup.com.tw/about.php>

Rock Mobile Corporation

Address: 114 Crest Road, Neihu, Taipei Alley 20, Lane 407, Sec 397 Floor

Tel: 02-27418866

Fax: 02-26581065

Contact: Li Wenling Email: maki.lee@rockmobile.com

Contact: Lai Junya Email: yaya.lai@rockmobile.com

Contact: Lu Shihan Email: cammy.lu@rockmobile.com

Website: <https://www.yoyorock.com>

4. The Market Environment

a. Online Services

Download Services

Emome

<https://www.emome.net/>

Far Eastone

<https://www.fetnet.net>

iTunes

www.apple.com/itunes

KK Box

www.kkbox.com/intl

Muziu

<http://www.muziu.com.tw>

Friday

<https://omusic.friday.tw/>

Taiwan Mobile

<http://music.taiwanmobile.com>

b. Subscription Services

Apple Music

www.apple.com/tw/music

Friday

<https://omusic.friday.tw/>

Funplay

<http://funplay.hinet.net/funplay/index.do>

KK Box

www.kkbox.com/intl

HiNet Funplay

<http://funplay.hinet.net/funplay/index.do>

Line Music

<https://music-tw.line.me/>

My Music

<https://www.mymusic.net.tw/ux/w/main>

Spotify

<https://www.spotify.com>

Streetvoice

<https://streetvoice.com/>

Taiwan Mobile

<http://music.taiwanmobile.com>

Advertising Supported Services

YouTube (Taiwan)

<https://www.youtube.com/?gl=TW>

C. Piracy

Piracy of physical products has largely disappeared but online piracy remains a major problem in Taiwan and one which foreign interests are addressing proactively. The International Intellectual Property Alliance in Washington DC each year makes its recommendations to the US Government on areas of the world where it identifies particular problems with the standards and enforcement of copyright laws. In its 2020 report the IIPA included Taiwan among those territories requiring particularly rigorous treatment under its so-called "Priority Watch List". With regard to the current music piracy situation, the report stated as follows:

Online and mobile device piracy in Taiwan continued in 2019 in the absence of adequate and effective government action to address the problem. Foreign websites that provide illegal content remain a significant problem and undermine the ability of legitimate rights holders to survive commercially in Taiwan. Examples of such websites include 8maple.ru (ranked 38th in Taiwan according to SimilarWeb), bowan.su (ranked 635th), and gimy.tv (ranked 45th), which offer access to thousands of infringing movie and television series titles and make money through advertising. Particularly popular are streaming, forum,4 blog, deep linking, peer-to-peer (P2P), BitTorrent, and cyberlocker sites, which are used to infringe copyright in movies and television content, music, video games, and books and journals. There is still no effective means to combat foreign-hosted infringing services. This has left Taiwan unable to effectively combat online video piracy syndicates and their products and services, which have expanded from China into Taiwan.

"Stream-ripping," where users of legitimate online music platforms use tools, such as an app or a website, to illegally "rip" the streamed content, is a growing problem impacting primarily the music industry. The legal framework in Taiwan presents challenges for taking action against persons who facilitate this activity (i.e., the app developer or website operator). In other jurisdictions, courts have found such services to infringe the reproduction and/or making available rights, and/or to unlawfully circumvent technological protection measures (TPMs), but in Taiwan no such cases have been brought. While it appears possible that Article 87(7) of the

Copyright Act, which provides for aiding and abetting liability, could be used, this has not been tested yet. Article 87 should be amended further to clarify that the list of acts setting out "an infringement of copyright" is non-exhaustive to ensure the provision is applied to other acts of infringement, such as stream-ripping.

Social media platforms have also become a popular way to share pirated content. Apps for PDs and mobile devices, such as Mixerbox 3,5 have become a significant platform for disseminating illegal content.

USB devices loaded with thousands of pirated songs are becoming more popular in Taiwan. Sold online at a very cheap price (NT\$200–NT\$800, or US\$7–US\$27), investigations indicate that these USBs are being manufactured in mainland China and delivered by local couriers in Taiwan, with the money going into Taiwanese bank accounts. Taiwan's notice-and-takedown mechanism is inapplicable to this kind of infringement because these are physical products and there is no list of infringing content available to identify in a notice. The music industry has initiated four actions against sellers of pirate USBs by filing complaints with the CIBr (Criminal Investigation Brigade), and many other cases are being considered, but it appears that CIBr is unwilling to prioritize this kind of infringement. CIBr passed two of four cases directly to the District Attorney offices without conducting any raid actions against the related couriers and bank account owners. CIBr should prioritize these actions and handle them directly.

See CISAC: <https://yourmusicyourfuture.com/>

Annex A: Komca Licence Tariffs

I. Broadcasting

1. Broadcasting royalty for Korea Broadcasting System ("KBS" hereafter), Munhwa Broadcasting Corporation (excluding local Munhwa broadcastings)("MBC") and Seoul Broadcasting System ("SBS" hereafter) is as follows:

$$\text{Sales} \times 1.2\% \text{ (royalty rate)} \times \text{adjusted coefficient} \times \text{Management Rate}$$

The term "Sales" means the accumulation of TV license fees (exempting special broadcasting operation expense and support fund for EBS of the previous year) and advertising revenue (including sponsorship income) from the previous year, after deducting 20% of the said accumulation in consideration of various expenditures including general collection expense and advertising agency fee, where sales from the provision of programs for broadcasting, forwarding and webcasting of other business operators are excluded.

The term "adjusted coefficient" is 0.679: However, in the event sales experience rapid changes due to the increase of TV license fees or relaxation of advertising restrictions, the adjusted coefficient may be revised upon mutual agreement.

Management Rate means the allowed rate of deduction for expenses directly associated with the broadcasting activity; it ranges from 20-30%
2. Royalty for broadcasting described below shall apply to local Munhwa local broadcasting including KNN, Daegu Broadcasting, Daejeon Broadcasting, Gwangju Broadcasting, OBS Gyeongin TV, Ulsan Broadcasting, Cheongju Broadcasting, Jeonju Broadcasting, Gangwon Broadcasting and Jeju Broadcasting:

$$\text{Sales} \times 1\% \text{ (royalty rate)} \times 0.72 \text{ (adjusted coefficient)} \times \text{Management Rate}$$
3. Broadcasting royalty for educational broadcasting shall be prescribed as follows:

$$\text{Sales} \times 45/100 \text{ (adjusted coefficient)} \times 0.35\% \text{ (royalty rate)} \times \text{Management Rate}$$

4. Royalty for broadcasting described below shall apply to Christian Broadcasting System, Buddhist Broadcasting System, Pyeonghwa Broadcasting, Woneum Broadcasting System and Kyonggi Broadcast:
 $\text{Sales} \times .46 \text{ (adjusted coefficient)} \times 1.2\% \text{ (royalty rate)} \times \text{Management Rate}$
5. Royalty for broadcasting described below shall apply to radio broadcasting in foreign language, such as Arirang FM:
 $\text{Sales} \times 1.35\% \text{ (royalty rate)} \times \text{adjusted coefficient} \times \text{Management Rate}$
6. Broadcasting royalty rates for TV Program Providers (except home shopping channels) shall be prescribed as follows:
 - Music Channel: 4%
 - Music & Variety Channel: 2.3%
 - Entertainment Channel: 1.1%
 - Educational & Religious Channel: 1%
 - Sports Channel: 0.6%
 - News Channel: 0.5%
 - Other Channels: 0.35%
7. The royalty for music prescribed below shall apply to IPTV:
 $\text{Sales} \times 1.2\% \text{ (royalty rate)} \times 0.47 \text{ (adjusted coefficient)} \times \text{Management Rate}$
8. The royalty for broadcasting prescribed below shall apply to cable TV music broadcasting:
 $\text{Income from Subscription Fee} \times 2\% \text{ (royalty rate)} \times \text{Management Rate}$

II. Mechanical Tariff

- A. Royalties for reproduction and distribution of commercial phonograms shall be prescribed as follows:
 1. Royalty per work $[\text{factory price} \times 9\% \text{ (royalty rate)} \div \text{number of works included}] \times \text{number of managed works} \times \text{share ratio} \times \text{quantity of production} \times \text{discount rate}$ subject to the following minima per item:
 - a) Cassette Tape: ₩ 11.5
 - b) CD, CD-ROM: ₩ 15.4
 2. Notes
 - a) The term "factory price" means the price released to wholesaler and retailer by distributors following the production of the music record. Where the factory price is not specified by the manufacturer, it shall be deemed as 60% of the consumer price.
 - b) Consumer price refers to the average price of the phonogram purchased at three different superstores as described in Article 3 of the Enforcement Decree of the Distribution Industry Development Act
 - c) The term "discount rate" means the rate of discount calculated in consideration of factors such as returns, inventory, and disposal of products anticipated during the course of production and sales, which shall be determined upon mutual agreement with the producer
 - d) For phonograms provided to consumers additionally for the purpose of sales promotion or publicizing a certain product, the amount shall be calculated by applying the minima set out above.

B. Royalty for reproduction and distribution of image works in which musical works for featured use (music video, live performance, etc.) are as follows:

- Royalty per work[factory price × 7% (royalty rate) ÷ number of works included] × number of managed works × share ratio × quantity of production × discount rate subject to the following minima per item:
 - V-CD: ₩ 38.5
 - V-Tape: ₩ 46.2
 - DVD: ₩ 55

C. Royalty for reproduction and distribution of image works in which musical works are used for supplementary purposes (other than in paragraph such as documentary, drama, educational, cultural, hobby, promotion, learning, sports and etc.) shall be prescribed as follows:

- Royalty per work[factory price × 5% (royalty rate) ÷ number of works included × (accumulated time of musical work usage ÷ total playback time)] × number of managed works × share ratio × quantity of production × discount rate subject to the following minima per item:
 - V-CD: ₩23.1
 - V-TAPE: ₩27.5
 - DVD: ₩33

D. When reproducing and distributing musical works and musical image works through mobile phones, the relevant royalties shall be as follows:

- Royalty per work × number of managed works × share ratio × quantity of production × discount rate, royalties per work as follows:
 - Musical work: ₩8.4
 - Musical Image Work: ₩21

III. Public Performance Tariff

A. Royalties for a single public performance at a concert generating revenue such as admission fee shall be as follows; provided that when calculating the royalties for a free concert without sales, the sales figure shall be the amount calculated by multiplying the number of seats and with the admission fee assumed to be ₩2,000.

1. Public performance with a main purpose of offering music, such as concert, dinner show and recital:
Sales × 3% (Royalty Rate) × Musical Work Management Rate
2. Public performance combined with theatrical elements such as musical drama, musical, opera and ballet:
Sales × 2% (Royalty Rate) × Musical Work Management Rate
3. Public performance with supplementary use of music, such as fashion show, circus, dances and ice skating show:
Sales × 1% (Royalty Rate) × Musical Work Management Rate
4. Notes
 - a) "Sales" refers to the total income of admission excluding value-added tax and admission ticket sales agency commission but including sponsorship and donation.
 - b) When the price of admission ticket is less than ₩5,000 or subrogated with complimentary ticket, the admission fee shall be considered to be ₩5,000

when calculating the income of admission; provided that the total number of complimentary tickets shall not exceed 20% of the entire seats. However, if a specified price is indicated on the complimentary ticket, 80% of the face value shall be considered when calculating the income of admission; but the complimentary tickets distributed to the sponsor corporate shall be excluded from the sales calculation.

- c) If the User fails to submit all materials, including the number of audience, income from admission fees and the list of musical works used (including recording and filming of live performance or pamphlet containing the titles of musical works used) necessary to calculate the royalties within 2 weeks from the completion of the performance, or submits false information, the number of entire seats at the concert hall shall apply when calculating the sales.
- d) If a concert hall or a production agency wishes to conclude an annual license agreement for their performances, such agreement shall be granted with the consideration of amount of music use and the number of performances. However, in this case, the User shall be requested to deposit 1/2 of the total amount of performance royalties from the previous year as guaranty, or submit a guaranty insurance policy, and in return, the Society shall reduce the annual license fee by 20%.

B. Public performance tariffs for use of recorded music are established according to the nature and use of the licensed venue and its size. The following is a summary of these provisions:

Type & Use of Venue	Tariff Range
Night clubs and room salons	₩31,000 to ₩68,000
Dance studio, aerobics studio, vocal class Note: In this case, fees are calculated according to the number of students	₩21,000 to ₩105,000
Dance hall, cabaret	₩23,000 to ₩172,000
Restaurant, coffee shop, café	₩23,000 to ₩103,000
Coffee shop, non-alcoholic beverages venue	₩2,000 to ₩10,000
Hotel, serviced apartments Note: Fees are calculated according to the number of rooms	₩20,000 to ₩350,000
Casinos	₩35,000 to ₩320,000
Supermarket, department store, complex shopping mall	₩80,000 to ₩1,300,000
Aircraft (during flight) Note: fees are calculated according to the number of seats, per plane	₩69,000 to ₩115,000

IV. Online & Mobile Tariff

- A. When musical works are provided by means of streaming upon consumer request, and service fees are imposed on a consumer in proportion to the number of usages or provided to a consumer without charge for the purpose of selling a particular product (service), the relevant royalty shall be prescribed as follows:
1. $\text{₩ 1.4 (Unit Price per song)} \times \text{number of usage} \times \text{Management Rate}$
 2. Note: The number of usage shall be based on the data provided by the Licensee; however, when discrepancy arises regarding the standard to calculate the number of usage, it shall be determined upon mutual agreement. The Licensee concerned shall preserve the data concerned (log file) for not less than one year.
- B. In cases where the musical works are provided by means of streaming at a fixed monthly fee (hereinafter, "Fixed Monthly Streaming Product"), the fee is as follows, and the higher of the two rates shall apply.
1. $[\text{₩ 0.7 (unit price per song)} \times \text{number of usage} \times \text{Share Ratio}]$ or $[\text{Monthly fee of ₩ 700 (unit price per subscriber)} \times \text{number of subscriber} \times \text{Management Rate}]$
 - or
 - $\text{Sales} \times \mathbf{10.5\% \text{ (royalty rate)}} \times \text{Management Rate}$
 2. Notes:
 - a) The Licensee can choose the fee prescribed in subparagraph 1 on a yearly basis.
 - b) For membership-based services, the term "Subscriber" refers to a user/consumer who maintains a membership account and who is entitled to use that music as part of a subscription membership service. If a service provides a mixture of membership and non-membership service or does not operate on a membership service, then the term will refer to unique users who use monthly services. However, "subscriber" shall be agreed separately through consultation between KOMCA and the Licensee in case it is difficult to classify particular unique users.
 - c) Sales mean the sum (Gross Sales) of the relevant year's usage fee income from the services of the service sites operated by the Licensee directly or indirectly, as well as the advertising revenue and other income, and it also includes discounted amounts based on sales promotion activities. However, the advertising revenue and other income shall be calculated by applying the percentage of the music services in the service site in the relevant year. In case there are no sales, it shall be determined separately through consultation between KOMCA and the Company.
- C. Where the Fixed Monthly Streaming Product includes a function that allows offline play (however, only when musical works stored for the offline play do not have properties similar to those of downloads such as extraction, reproduction, sharing, etc.), the fee shall be the higher of the following; and the larger of the two subparagraphs shall apply.
- $\text{₩1,144.5 monthly fee (unit price per subscriber)} \times \text{number of subscribers} \times \text{Management Rate}$
 - or $\text{Sales} \times 10.5\% \times \text{Management Rate}$

- D. Where the service offers free streaming of musical works to users with advertisements for the purpose of generating advertisement income (hereinafter, "Ad-supported streaming service"), the fee shall be the higher of the following:
- ₩ 0.74 (unit price per song) x number of usage x Share Ratio
 - or
 - Sales x 10.5% (royalty rate) x Management Rate
- E. For a download on demand service including the saving of works in a virtual space managed by the consumer the fee shall be the higher of the following
- [₩ 77 (unit price per song) x number of download x Share Ratio]
 - or
 - Sales x 11% (royalty rate) x Management Rate
- F. Where the downloaded works are sold as an album containing 5 or more but less than 30 songs (excluding compilation albums), the amount shall be the higher of the following:
- ₩ 38.5 (unit price per song) x adjustment coefficient x number of downloads x Share Ratio
 - Or
 - Sales x 11% (royalty rate) % x Management Rate

The adjustment coefficient shall be 2.0

V. Webcasting Tariff

- A. Royalty for webcasting primarily using musical works when subscription fee (information fee) or advertising fee is involved shall be prescribed as follows:
1. Simulcast by broadcasting service providers or personal broadcasting, the higher of the following shall apply:
 - Monthly fee of ₩75 x number of subscribers x management rate
 - or
 - Sales x 2.5% (royalty rate) x management rate
 2. In-Store Music Service: the higher of the followings shall apply
 - Monthly fee of ₩800 x number of subscribers x management rate
 - or
 - Sales x 4% (royalty rate) x management rate
- B. Royalty for webcasting primarily using musical works without subscription fees (information fee) or advertising fees is as follows:
- Monthly fee of ₩60 x number of subscribers x management rate
- C. Notes
1. The term "webcasting" refers to a music service provided online for the general public to simultaneously receive it in real time.
 2. The term "subscriber" means, in the case of membership/subscription-based service, a member who is allowed to access the webcasting service; in the case of service with both membership and non-membership system combined, or service without membership system, the term refers to "non-overlapping person who accessed the webcasting service in a month". When it is difficult to determine the "person who

accessed the webcasting service in a month", it shall be determined upon mutual agreement.

3. The term "Sales" means the accumulation of subscription fees incurred from the webcasting service, advertising revenue and other earnings. However, the advertising revenue and other earnings shall be calculated by reflecting the proportion of the said music service item within the service site concerned.
- D. For webcasting services that use musical works incidentally, the royalty shall be one half of the applicable rate for webcasting services featuring music

VI. Karaoke Tariffs

A. Mechanical

1. Commercial Karaoke Equipment

For karaoke equipment and its storage device produced for the purpose of distributing throughout commercial places including karaoke businesses or bars, the royalty for musical works shall be the aggregation of the following:

a) Royalty for New Works

Royalty per work [factory price of new work × 9% (royalty rate) ÷ number of works included] × number of managed works × share ratio × sales amount

Notwithstanding the above, when the unit price per work is less than ₩5, the price shall be at ₩5.

Note 1) The term "royalty for new works" means the royalty for musical works newly added to karaoke equipment and storage devices during the target period of settlement. The same shall apply to paragraph 2, subparagraph 1 and paragraph 2, subparagraph 1.

Note 2) The term "factory price of new work" means the price of which a karaoke equipment operator provides to the wholesaler in order to sell the new work during the target period of settlement. The same shall apply to paragraph 2, subparagraph 1.

b) Royalty for reproduction and distribution of karaoke equipment

The amount shall be determined by multiplying monthly fees (ranging from ₩600,000 to ₩2,000,000) with the share ratio

B. Performance

Royalties for performance at a karaoke bar shall be collected by applying the Musical Work Management Rate according to the size of the venue. Fees range from ₩27,000 to ₩230,000