Collective Management of Music Copyright in China in the Digital Age

December 2018
I. Time of Establishment of MCSC

1. Time

December 17th, 1992

2. Background

(1) The establishment of copyright system in China:

(2) The requirement of joining international treaties:
   China became a contracting member of Berne Convention and Universal Copyright

(3) Activity of the musical creators: support from the Chinese Musicians Association.

(4) Support from the National Copyright Administration of the People’s Republic of China.
## II. Basic Information (as of December 31\(^{st}\), 2017)

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership</td>
<td>8907</td>
</tr>
<tr>
<td>Works</td>
<td>Approx. 14,000,000</td>
</tr>
<tr>
<td>Highest Annual Income</td>
<td>RMB 216,000,000 Yuan (2017)</td>
</tr>
<tr>
<td>Documentation and Distribution</td>
<td>DIVA database, The only agency of ISWC in China</td>
</tr>
<tr>
<td>Staff</td>
<td>Approx. 70</td>
</tr>
<tr>
<td>Office</td>
<td>1200 m(^2)</td>
</tr>
<tr>
<td>Local Chief Representatives</td>
<td>20</td>
</tr>
<tr>
<td>International Cooperation</td>
<td>Signed Reciprocal Representation agreements with 75 overseas societies</td>
</tr>
<tr>
<td>Legal Actions</td>
<td>Initiated more than 300 court cases</td>
</tr>
<tr>
<td>Information Disclosure</td>
<td>Annual Reports; Briefings</td>
</tr>
<tr>
<td></td>
<td>Official website: <a href="http://www.mcsc.com.cn">www.mcsc.com.cn</a></td>
</tr>
<tr>
<td></td>
<td>WeChat ID: mcsc1992</td>
</tr>
</tbody>
</table>
III. Organization Structure

- Authority
- Executive
IV. Membership Development

Membership Development and Proportion

Size of Membership


0 1000 2000 3000 4000 5000 6000 7000 8000 9000 10000

70 85 103 121 136 146 153 170 197 213 233 254 273 298 316 352 371 394

8101 8502 8907 9075 9201 9258 9285 9289 9287 9285 9283 9281 9279 9277 9275 9273 9271 9269

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Membership
Authors
Composers
Others
V. Rights and Works

**Types of Rights** (the rights difficult for creators to exercise):

- Mechanical rights, performing rights, broadcasting rights, and information network dissemination rights

**Authorization:**

1. Authorization from members;
2. Authorization from overseas societies by reciprocal representation agreements;
3. Authorization pursuant to laws to collect and distribute statutory licensing royalties.

**Works Managed:**

About 14,000,000 musical works globally.
VI. Royalties Collection

Total permitted revenue from 1993 to 2017: approx. 1.458 billion Yuan
VII. Royalties Distribution

1993-2016 Comparison of royalties income, distributable amount, management expenses

Unit: 10,000 Yuan
**Distribution rules**

<table>
<thead>
<tr>
<th>Method of Dist.</th>
<th>Usage Reports Availability</th>
<th>Detailed Practice</th>
<th>Applied Situations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Dist.</td>
<td>Yes</td>
<td>Distribute according to reports</td>
<td>Publications, Ads, TV and movies, concerts, online use, etc.</td>
</tr>
<tr>
<td>Blanket Dist.</td>
<td>No</td>
<td>Sampling; Reference to other distribution situations</td>
<td>Background music, etc.</td>
</tr>
</tbody>
</table>

**Proportion of management expenses deduction:**

- Income from overseas societies: 5%
- Income from statutory licensing: 10%
- Income from Ads licensing: 10%
- Income from other domestic licensing: 20%

**Distribution time:** Usually on January, April, July and October, four times every year, including more than ten distributions:

- Live performance royalties
- Background music royalties
- Information network royalties
- Mechanical royalties
- Overseas societies royalties
- Karaoke royalties
- Broadcasting royalties

**Distribution payment:**

- Wire the royalties to members’ bank accounts according to actual use of works;
- Mail distribution statements to each member, in which the source and amount of the distribution are described in detail.
VIII. Documentation

DIVA Database: International creators’ system – IPI
International works’ system - ISWC
The International Standard Musical Work Code (ISWC)

- MCSC became the only agency of ISWC in mainland China on February 1st, 2009. MCSC is responsible for the registration, issuance and management of ISWC in mainland China.

- ISWC is developed by the International Confederation of Societies of Authors and Composers (CISAC) and approved by the International Organization for Standardization.

- In the environment of digital music and Internet, ISWC is an unique identifier for a musical work to be recognized and copyright-protected effectively in the world.

- By the end of 2017, MCSC has issued ISWC for more than 134,000 musical works created by its members.
IX. Legal Actions

- MCSC has initiated more than 300 court cases as of 2017
- Typical cases:

<table>
<thead>
<tr>
<th>Year</th>
<th>Type of Infringement</th>
<th>Against</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>Built-in music infringement</td>
<td>Huizhou TCL Co.</td>
</tr>
<tr>
<td>2004</td>
<td>CD music infringement</td>
<td>Guangdong Pacific Co.</td>
</tr>
<tr>
<td>2006</td>
<td>Illegal adaptation and use of <em>Wo Bu Xiang Shuo</em></td>
<td>Kongzhong Network</td>
</tr>
<tr>
<td>2007</td>
<td>Online rights infringement</td>
<td>Baidu</td>
</tr>
<tr>
<td>2013</td>
<td>Illegal use of musical works in TV series <em>Lei Feng</em></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>Information network dissemination infringement</td>
<td>Tian Tian Dong Ting</td>
</tr>
<tr>
<td>2014</td>
<td>Online rights infringement</td>
<td>Tencent</td>
</tr>
<tr>
<td>2015</td>
<td>Broadcasting right infringement</td>
<td>Xiamen Broadcasting and Television Group</td>
</tr>
<tr>
<td>2015</td>
<td>Performing right infringement</td>
<td>Shenzhen Happy Valley</td>
</tr>
<tr>
<td>2016</td>
<td>Reproduction right infringement</td>
<td>Jiangsu Phoenix Juvenile and Children’s Publishing</td>
</tr>
<tr>
<td>2016</td>
<td>Broadcasting right infringement</td>
<td>Nanjing Broadcasting and Television Group</td>
</tr>
<tr>
<td>2016</td>
<td>Background music infringement</td>
<td>Beijing Wangfujing Department Store</td>
</tr>
<tr>
<td>2016</td>
<td>Performing right infringement of Eason Chan’s Concert in Hangzhou</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>Migu Music infringement</td>
<td>China Mobile</td>
</tr>
<tr>
<td>2017</td>
<td>Performing right infringement of Liu Lao Gen Da Wu Tai (Qian Men Store)</td>
<td></td>
</tr>
</tbody>
</table>
X. International Communication and Cooperation Structures

- Joined the International Confederation of Societies of Authors and Composers (CISAC)
- Joined the Bureau International des Sociétés Gérant les Droits d'Enregistrement et de Reproduction Mécanique (BIEM)
- Joined International Federation of Reproduction Rights Organizations (IFRRO)
- Entered into Reciprocal Representation Agreements with 75 similar overseas societies.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>Joined CISAC</td>
</tr>
<tr>
<td>2007</td>
<td>Joined BIEM</td>
</tr>
<tr>
<td>2012</td>
<td>Joined IFRRO</td>
</tr>
</tbody>
</table>
XI. Information Disclosure

- Annual Reports

- Briefings

- Website: www.mcsc.com.cn

- Official WeChat ID: mcsc1992
XII. Awards

2004 Ministry of Civil Affairs
Advanced national civil organization

2006 National Administration of Copyright
Model organization in national copyright protection in the year of 2005

2008 Beijing Olympic Games
Music copyright service associate

2007 State Administration of Science, Technology and Industry for National Defense
Coordinating organization of music copyright issues for Chang’e-1

2009 National Administration of Copyright
Advanced organization of national copyright work in the years of 2006-2007
XII. Awards

2010 Shanghai World Exposition
Music copyright service associate

2011 State Intellectual Property Office, National Industrial and Commercial Bureau, and National Administration of Copyright
Recommended organization in the event of national copyright protection

2014 Nanjing Youth Olympic Games
Music copyright service associate

2018 Shanghai Import Exposition
Music copyright service associate

2018 National Administration of Copyright and WIPO
“China Copyright Golden Award” Management Award
国际作者和作曲者协会联合会成员
Member of CISAC

中国音乐著作权协会

mnsc

Since 1992