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The *Saeima*<sup>1</sup> has adopted and the President has proclaimed the following Law:

# Law on Collective Management of Copyright

## Chapter I General Provisions

### Section 1. Terms Used in this Law

The following terms are used in this Law:

- 1) **dependent management entity** - a legal person which is controlled by a collective management organisation and is operating in Latvia. Within the meaning of this Law, the control is direct or indirect implementation of the control on the basis of the Law or an agreement with voting rights, the right to appoint or revoke members of an administrative body;
- 2) **rights revenue** - remuneration collected by a collective management organisation on behalf of holders of copyright or related rights by managing their economic rights, including revenue from remuneration investments;
- 3) **collective management agreement** - an agreement by which a holder of copyright or related rights entrusts the collective management organisation to manage on his or her behalf the economic rights of the holder of copyright or related rights;
- 4) **collective management organisation** - a legal person which on the basis of the Law or an agreement is entitled to manage economic rights of holders of copyright or related rights if its purpose of activity or one of the main purposes of activity is the performance of such management in the collective interests of the represented holders of copyright or related rights, and which is at least either controlled by its members or it is organised on a not-for-profit basis;
- 5) **online rights in musical works** - reproduction rights and rights for communication to the public of the author of a musical work necessary for the provision of online service, including making available to the public of the work, by wire or otherwise, in such a way that it may be accessed from a place and at a time individually chosen by them;
- 6) **independent management entity** - a legal person the purpose of activity of which is profit earning and which on the basis of the Law or an agreement is entitled to manage copyright or related rights of several holders if its purpose of activity or one of the main purposes of activity is the performance of such management in the collective interests of the represented holders of copyright or related rights, and which is not controlled by such holders;
- 7) **representation agreement** - an agreement whereby one collective management organisation mandates another collective management organisation to manage the economic rights of the holders of copyright or related rights managed by it;
- 8) **management fees** - the amounts for covering costs for collective management of the economic rights of holders of copyright or related rights which a collective management organisation deducts or compensates from the rights revenue.

### Section 2. Purpose of the Law and Scope of Application

- (1) The purpose of the Law is to create legal preconditions for efficient performance of collective management of copyright and related rights.
- (2) The Law governs activity of collective management organisations, independent management entities, and dependent management entities by managing the rights of the holders of copyright and related rights in the collective interests of the abovementioned holders of copyright or related rights, and also prescribes the procedures for

supervising the activity of collective management performers and special provisions for the settlement of disputes.

(3) The provisions of this Law shall be applied to dependent management entities insofar as they carry out the activities characteristic to a collective management organisation. Regardless of what activities characteristic to a collective management organisation are carried out by dependent management entities, the provisions of Section 14, Paragraphs one, two, three, and four of this Law are applied to them, and their supervision is carried out in accordance with the provisions of Section 64 of this Law.

(4) The provisions of Section 30, Paragraph one, Sections 36, 37, and Section 38, Clauses 1, 2, 6, 7, and 8 of this Law shall be applied also to independent management entities. Their supervision shall be carried out in accordance with the provisions of Section 65 of this Law.

## **Chapter II**

### **Basic Provisions of Collective Management of Economic Rights**

#### **Section 3. Collective Management of Economic Rights**

(1) Holders of copyright or related rights may entrust only economic rights to be managed on a collective basis.

(2) The economic rights of the holders of copyright and related rights shall be managed only on a collective basis in respect of:

1) a public performance, if it occurs in places of entertainment, cafes, shops, hotels, and other similar places;

2) lease, rental and public lending (except for computer programs, databases, and works of art);

3) retransmission (except for the rights of broadcasting organisations, irrespective of whether it is their own broadcasting organisation rights or those which holders of copyright or related rights have transferred to the broadcasting organisation);

4) reproduction for personal use;

5) reprographic reproduction for personal use;

6) resale of original works of visual art;

7) use of phonograms published for commercial purposes.

(3) Collective management in relation to the use of a copyright objects or other subject-matter indicated in Paragraph two of this Section may be performed simultaneously only by one collective management organisation established by each group of holders of copyright and related rights.

(4) A holder of copyright and related rights is entitled, in the case and scope specified in Section 6 of this Law, to individually manage his or her rights in respect of the use of copyright objects or other subject-matter indicated in Paragraph two, Clauses 1, 2, 3, and 7 of this Section, except for public lending.

(5) A licence issued by a holder of copyright or related rights himself or herself or a licence agreement entered into in respect of the use indicated in Part two of this Section, and also in respect of the use of their rights the management of which, according to a collective management agreement, is entrusted to a collective management organisation is not in effect. This condition shall not apply to the case specified in Section 6 of this Law.

#### **Section 4. Establishment of a Collective Management Organisation**

(1) The Associations and Foundations Law shall govern the establishment of a collective management organisation in Latvia, the activities, reorganisation, and liquidation thereof, insofar as it is not laid down otherwise in this Law.

(2) A collective management organisation for collective management of economic rights of authors shall be established by the authors.

(3) A collective management organisation for the collective management of related rights shall be established by the holders of related rights.

## **Chapter III**

### **Representation of Holders of Copyright or Related Rights**

#### **Section 5. Obligation to Represent Holders of Copyright or Related Rights and Entering into a Collective**

## **Management Agreement**

(1) A collective management organisation shall, upon request of a holder of copyright or related rights, enter into a collective management agreement with him or her, undertaking to manage economic rights freely selected by the holder of copyright or related rights in respect of his or her freely selected types of works and other subject-matter and territory if:

1) the rights, works or other subject-matter to be managed, and also the territory where management is to be carried out is within the field of activity of the collective management organisation;

2) there is no objectively justified reason for refusing to undertake carrying out of collective management.

(2) A collective management agreement shall be entered into in writing, indicating those economic rights and types of works or other subject-matter which are entrusted by the holder of copyright or related rights to be managed by a collective management organisation.

(3) In respect of the types of use of works and other subject-matter indicated in Section 3, Paragraph two of this Law a collective management organisation is entitled to represent the holders of copyright and related rights without entering into a collective management agreement. In such case the holders of copyright or related rights are entitled to request that the collective management organisation disburses remuneration due to them according to the performed distribution of rights revenue.

(4) Regardless of the basis of representation a collective management organisation shall apply similar provisions to management of the rights of holders of copyright or related rights represented by it, including in respect of determining the remuneration, management fees, collection, distribution of rights revenue, and disbursement of remuneration.

## **Section 6. Non-commercial Use**

(1) Upon entering into a collective management agreement, and also in the case indicated in Section 5, Paragraph three of this Law the holder of copyright or related rights is entitled to issue licences for non-commercial use of his or her works or other subject-matter even if the holder of copyright or related rights has entrusted the management of the relevant economic rights to a collective management organisation or such rights are being managed only collectively.

(2) A collective management organisation shall develop conditions according to which the represented holders of copyright or related rights may issue licences for non-commercial use of their works or other subject-matter. Such conditions may not unjustifiably infringe and restrict the rights of the holders of copyright or related rights to issue the licences referred to in this Section.

(3) A licence issued not complying with that referred to in Paragraph two of this Section is not valid.

## **Section 7. Termination of Collective Management**

(1) A holder of copyright or related rights has the right to terminate a collective management agreement or collective management of certain rights, works, or other subject-matter, in respect of freely selected territories by notifying the collective management organisation thereof at least six months in advance, unless a shorter period of time for notification is laid down in the agreement.

(2) A collective management organisation may provide for in a collective management agreement that termination of the agreement or certain types of rights, works, or other subject-matter referred to in Paragraph one of this Section shall enter into effect at the end of the relevant financial year.

(3) A collective management organisation shall continue to manage such rights revenue for the benefit of a holder of copyright or related rights which are collected in the interests of such holder of copyright or related rights:

1) for a period of time before terminating the relevant collective management agreement or collective management of certain types of rights, works, or other subject-matter;

2) according to licences which have been issued before the termination of the collective management agreement or collective management of certain types of rights, works, or other subject-matter.

## **Section 8. Admission of the Members of a Collective Management Organisation**

(1) A collective management organisation shall admit the holders of copyright or related rights and associations thereof as its members, including other collective management organisations if they comply with the admission provisions of the members specified in the articles of association of the organisation.

(2) The provisions for admission of members shall be objective, clear, and non-discriminating.

(3) A collective management organisation has a duty to admit as a its member every holder of copyright or related rights represented by the organisation.

(4) If a member candidate fails to comply with any of the requirements laid down for members specified in the articles of association, fails to comply with the admission provisions for members or has been previously excluded from the collective management organisation for infringement of the articles of association, the collective management organisation may take a justified decision to refuse to admit the member and issue the decision taken to the member candidate in writing.

#### **Section 9. Electronic Communication**

A collective management organisation shall ensure that its members and represented holders of copyright or related rights may communicate with the collective management organisation using electronic means of communication.

#### **Section 10. Accounting of Members or Represented Holders of Copyright or Related Rights**

A collective management organisation shall conduct a register of its members, holders of copyright or related rights represented on the basis of an agreement and of those holders of copyright or related rights represented on the basis of the Law to whom such organisation has disbursed remuneration, and entries shall be updated in the abovementioned register on a regular basis. The collective management organisation shall indicate the given name, surname, and contact details for communication with the relevant holder, and also other data of significance for managing the economic rights of holders of copyright or related rights in the relevant register of the holders of copyright or related rights represented thereby on the basis of the Law or an agreement.

## **Chapter IV Administration and Internal Supervision of a Collective Management Organisation**

#### **Section 11. Prohibition of Member Discrimination in Administration of a Collective Management Organisation**

A collective management organisation shall ensure that its members have the right to participate in administration of the organisation without any direct or indirect discrimination. Different groups of holders of copyright or related rights shall be ensured with fair and balanced participation in administration of the organisation.

#### **Section 12. Competence of the Meeting of Members**

(1) In addition to that provided for in the Associations and Foundations Law the competence of the meeting of members shall include the following issues:

- 1) the election and withdrawal of the council members, evaluation of their work results, approval of remuneration and other economic benefits;
- 2) the election and withdrawal of the members of the executive board;
- 3) the evaluation of the results of the members of the executive board, approval of their remuneration and other economic benefits;
- 4) the appointment and withdrawal of an auditor;
- 5) the approval of an annual transparency report;
- 6) the approval of general regulations for the distribution of rights revenue (Section 20);
- 7) the approval of general regulations for rights revenue not to be disbursed (Section 23);
- 8) the approval of general investment regulations for rights revenue;
- 9) the approval of general regulations regarding deductions from rights revenue, including regarding management fees and deductions for the provision of social, cultural and educational services (Section 24);
- 10) the approval of risk management general regulations;
- 11) the approval of any acquisition, alienation and mortgage transactions of immovable property;
- 12) the approval of mergers and alliances, the setting-up of entities, and the acquisition of other entities or shares in other entities;
- 13) the approval of taking out loans, granting loans, or providing security for loans, including guarantees;

14) the approval of conditions in respect of the rights of holders of copyright or related rights represented by the collective management organisation to issue licences for non-commercial use of their works and other subject-matter.

(2) The meeting of members may delegate the powers referred to in Paragraph one, Clauses 2, 3, 4, 10, 11, 12, 13, and 14 of this Section to the council of the collective management organisation.

### **Section 13. Convening a Meeting of Members and Participation of Members in the Meeting**

(1) A collective management organisation shall convene a meeting of members at least once a year.

(2) A collective management organisation shall provide the procedures in its articles of association by which its members who do not participate in the meeting of members onsite may participate in the meeting of members and exercise their rights using electronic means of communication.

(3) Members of a collective management organisation are entitled to participate in a meeting of members with the intermediation of the authorised representative, unless it does not cause a conflict of interests. The proxy issued to the representative shall be valid for the relevant meeting of members. The representative has a duty to vote according to the instructions of the principal. The collective management organisation may specify restrictions in the articles of association for the number of the authorisations of those members who are represented by one authorised representative.

### **Section 14. Inadmissibility of a Conflict of Interests of a Member of the Executive Board**

(1) The executive board of a collective management organisation shall administer and represent the collective management organisation in the interests of holders of copyright or related rights represented by it.

(2) A member of the executive board, upon performing his or her obligations, is prohibited to be in a conflict of interests.

(3) A member of the executive board is in a conflict of interests if he or she must take a decision or participate in decision-making, or must carry out other activities related to the position of the member of the executive board which affect or may affect personal or economic interests of such member of the executive board, his or her relatives or transaction partners. Within the meaning of this Section a father, mother, grandmother, grandfather, child, grandchild, adoptee, adopter, brother, sister, step-sister, step-brother, spouse shall be regarded as relatives. Within the meaning of this Law, natural persons or legal persons, or associations of natural and legal persons established on the basis of an agreement which have entered into transactions with the member of the executive board the amount of which exceeds 20 minimum monthly salaries shall be recognised as transaction partners.

(4) A collective management organisation shall determine the procedures by which the conflict of interests of its member of the executive board shall be prevented. In respect of a conflict of interest which cannot be prevented due to objective reasons, the collective management organisation shall determine the procedures by which such conflict of interests is determined, discovered, and managed, including terminated, which ensure that the conflict of interests does not harm the lawful interests of holders of copyright and related rights represented by the collective management organisation.

(5) Each member of the executive board shall provide an annual report to the meeting of members where information regarding the following is included:

1) all its interests in the collective management organisation;

2) remuneration or benefits of any other kind which he or she has received in the previous financial year from the collective management organisation;

3) remuneration which he or she has received in the previous financial year from the collective management organisation as a holder of copyright or related rights;

4) actual or possible conflict between personal interests and interests of a collective management organisation or between obligations against a collective management organisation and obligations against third parties.

### **Section 15. Council of a Collective Management Organisation**

(1) The council of a collective management organisation is the supervisory body of the collective management organisation which represents the interests of members in the time period between meetings of members and within the framework laid down in this Law and the articles of association supervises activities of the executive board of the collective management organisation.

(2) The council shall consist at least of three members. The collective management organisation shall ensure fair and balanced participation in the council for the represented groups of holders of copyright or related rights.

(3) A natural person with a capacity to act may be a member of the council. The member of the council may not be a member of the executive board of a collective management organisation, a person who has entered into an

employment agreement with the collective management organisation, or a member of the executive board or of the council of a dependent management entity. The articles of association may also provide for other restrictions for the member of the council.

(4) The council shall be elected for a period of time which is not longer than three years. Members of the council shall be elected and withdrawn by a decision of the meeting of members. A member of the council has no right to transfer his or her powers to the third parties. Members of the council shall elect a chairperson of the council from amongst them.

(5) A member of the council may leave the position of the member of the council at any time by submitting a notification thereof to the collective management organisation. If the member of the council leaves the position, a meeting of members shall elect a new member of the council for the remaining term of office of the council. The procedures for appointing a temporary member of the council who is acting until the meeting of members shall be determined in the articles of association of the collective management organisation if the council is not capable to take decision without appointing a temporary member of the council.

(6) The council shall have a quorum if more than half of the council members are present at its meeting. The council shall take decisions with a majority vote of the persons present.

(7) The council has the following powers and tasks:

1) the powers which have been delegated thereto by the meeting of members;

2) to supervise the activity and fulfilment of the obligations of the members of the executive board of the collective management organisation;

3) to supervise the delegation of functions of the collective management organisation to dependent management entities, including to supervise the activities of the executive board of the collective management organisation in respect of control of dependent management entities.

(8) The council has the following rights:

1) at any time to request a report from the executive board on the situation of the collective management organisation and become familiar with all activities of the executive board;

2) to examine the documents of the collective management organisation;

3) to convene a meeting of members or to assign the executive board to convene it, if it is necessary in the interests of the collective management organisation.

(9) The council shall organise meetings on a regular basis and provide a report to the meeting of members at least once a year on its activity, including inform of decisions which are taken in respect of the issues delegated to the council during the time period between meetings of members.

(10) Each member of the council shall, once a year, provide a report to the meeting of members, including therein the information indicated in Section 14, Paragraph five of this Law.

## **Chapter V Rights Revenue**

### **Section 16. Duty of Care**

A collective management organisation shall manage rights revenue, including collect, store, invest, distribute them and disburse remuneration with care of an honest and decent manager.

### **Section 17. Separate Accounting of Rights Revenue**

A collective management organisation shall separate in its accounting records:

1) rights revenue;

2) any own assets and income earned from such assets, management fees, or other activities.

### **Section 18. Investments of Rights Revenue**

(1) Upon investing rights revenue, a collective management organisation shall comply with the general investment regulations and general risk management regulation, and also take into account the following provisions:

1) investments shall be made only in the interests of the represented holders of copyright or related rights;

2) the strategies which in conformity with the information provided by an investment attractor or investment management company ensure investment safety, quality, liquidity, and profitability, shall be selected;

3) investments shall be sufficiently diversified in order not to allow excessive relying on any asset and prevent risk accumulation in the portfolio of investments.

(2) A collective management organisation is entitled to invest rights revenue in a deposit account in a credit institution.

(3) A collective management organisation is entitled to invest the rights revenue in government securities if such decision is approved by its council.

(4) On the basis of the opinion of a sworn auditor, the meeting of members of a collective management organisation may take a decision to carry out investments of other type.

### **Section 19. Use of Rights Revenue**

(1) A collective management organisation is entitled to use rights revenue only for the following purposes:

1) for distribution and disbursement to the holders of copyright or related rights represented by it and other collective management organisations according to representation agreements;

2) for covering management fees;

3) for deductions for the provision of social, cultural or educational services;

4) for use according to the general regulations for the use of rights revenue not to be disbursed.

(2) Until distribution of rights revenue a collective management organisation is entitled to invest them in conformity with the provisions of Section 18 of this Law.

### **Section 20. General Regulations for the Use of Rights Revenue**

(1) General regulations for the use of rights revenue shall provide for the procedures for regular, decent and precise distribution of such revenue, including by determining the obligation to disburse remuneration to all holders of copyright or related rights in proportion to the use of their works and other subject-matter, unless it is otherwise provided for in this Law or the Copyright Law.

(2) It may be intended in the general provisions for use of rights revenue that remuneration to represented holders of copyright or related rights or other collective management organisations shall not be distributed and disbursed in proportion to the use of their works or other subject-matter if expenditure for such distribution or disbursement is equal or more than the amount of remuneration to be disbursed. In such cases the collective management organisation is entitled to use other distribution methods.

### **Section 21. Time Periods for Distribution of Rights Revenue and Disbursement of Remuneration**

(1) A collective management organisation shall distribute rights revenue and disburse the remuneration to the holders of copyright or related rights represented by it without delay, however not later than nine months after the end of the financial year in which the rights revenue has been collected.

(2) If the user has failed to submit reports within the due date for use of works or other subject-matter or a collective management organisation cannot identify the holder of copyright or related rights, or if information regarding reference of works or other subject-matter to a certain holder of copyright or related rights is not sufficient, or there are other objective obstacles, the time period for disbursement of remuneration is extended until rectification of the relevant circumstances.

(3) A collective management organisation shall indicate separately in its accounting records a remuneration which cannot be disbursed within the time period specified in this Section because the holder of copyright or related rights cannot be identified or located.

### **Section 22. Identification and Searching of Holders of Copyright or Related Rights**

(1) If remuneration cannot be disbursed within the time period specified in Section 21 of this Law because the holder of copyright or related rights cannot be identified or located, the collective management organisation shall carry out measures in order to identify or locate a holder of copyright or related rights if expenditure for the performance of relevant measures is commensurate with the amount of remuneration to be disbursed.

(2) Within three months after the end of the time period referred to in Section 21, Paragraph one of this Law the collective management organisation shall inform the holders of copyright or related rights represented on the basis of the collective management agreement, members, and other collective management organisations with which it has entered into representation agreements on the works or other subject-matter the holders of copyright or related rights

of which have not been identified or located. The collective management organisation shall provide all the information at its disposal which may help to identify the holder of copyright or related rights, including:

- 1) the name of the work or other subject-matter;
- 2) the name or title of the holder of copyright or related rights which is to be identified or located;
- 3) the name or title of the publisher or producer of the relevant work or other subject-matter.

(3) If the holder of copyright or related rights cannot be identified or located, the collective management organisation shall, within one year after the end of the time period referred to in Paragraph two of this Section, publish the relevant information on its website.

### **Section 23. Rights Revenue not to be Disbursed and Limitation Period**

(1) Rights revenue shall be recognised as non-disbursable if the holder of copyright or related rights to whom remuneration is due has not been identified or located within three years after the end of the financial year in which the rights revenue have been collected, and the collective management organisation has taken measures in accordance with Section 22, Paragraph one of this Law in order to identify or locate the holder of copyright or related rights.

(2) If a holder of copyright or related rights is not identified or located within the time period specified in Paragraph one of this Section, his or her claims to disburse remuneration shall expire within three years after the end of the financial year in which the rights revenue have been collected.

### **Section 24. Management Fees and Other Deductions**

(1) Management fees and other deductions from the rights revenue, and also the maximum amount of such deductions and the procedures for performance thereof shall be determined by the meeting of members of the collective management organisation.

(2) Management fees shall be commensurate and their amount may not exceed the justified and documented expenditure which have arisen for the collective management organisation upon managing economic rights of the holders of copyright or related rights according to the regulations approved by the meeting of members of the collective management organisation.

(3) The collective management organisation may provide social, cultural or educational services in the interests of the represented holders of copyright or related rights, and also in conformity with the objectives and tasks thereof, financing them from the rights revenue. Such management shall be carried out according to the procedures and regulations approved by the meeting of members of the collective management organisation.

## **Chapter VI**

### **Collective Management of Economic Rights on Behalf of Other Collective Management Organisation**

### **Section 25. Basis for Representation and Special Provisions**

(1) One collective management organisation is entitled to manage economic rights of holders of copyright or related rights represented by another collective management organisation on the basis of the Law or a representation agreement.

(2) Only one collective management organisation without authorisation of another collective management organisation shall manage economic interests of the holders of copyright or related rights in respect of each of the following types of use of works or other subject-matter:

- 1) public lending;
- 2) reproduction for personal use;
- 3) reprographic reproduction for personal use.

### **Section 26. Payments and Deductions**

(1) The collective management organisation has an obligation to distribute rights revenue and disburse remuneration due to another collective management organisation.

(2) Deductions from the remuneration to be disbursed to another collective management organisation, except for the management fees, shall be permissible only upon a consent clearly expressed by the relevant collective management organisation.



(3) The rights revenue due to another collective management organisation shall be distributed and remuneration shall be disbursed without delay, however not later than nine months after the end of the financial year in which the rights revenue was collected, unless objective reasons relating in particular to reporting by users, identification and location of holders of copyright or related rights, or matching of information related to works or other subject-matter with the holders of copyright or related rights preclude from meeting the abovementioned deadline.

(4) The collective management organisation shall disburse the remuneration referred to in Paragraph three of this Section to the holders of copyright or related rights represented by it without delay, however not later than six months after receipt of the remuneration, unless objective reasons relating in particular to reporting by users, identification of holders of copyright or related rights, or matching of information related to works or other subject-matter with the holders of copyright or related rights preclude from meeting the abovementioned deadline.

#### **Section 27. Obligation to Provide Information to a Represented Collective Management Organisation**

(1) A collective management organisation shall, not later than 12 months after the end of the financial year, provide information, using electronic communication, to the collective management organisation on behalf of which it manages economic rights of the holders of copyright or related rights on the basis of the representation agreement on the following in the previous financial year:

1) the rights revenue calculated on the basis of the representation agreement which is due to the represented collective management organisation according to the information which is the basis for distribution, arranging the information to be provided in conformity with the managed rights and types of use;

2) the remuneration disbursed on the basis of the representation agreement to the represented collective management organisation according to the information which is the basis for distribution, arranging the information to be provided in conformity with the managed rights and types of use;

3) management fees made and their content;

4) deductions made for other purposes and their content;

5) authorisations issued to and refused for users for the use of such works or other subject-matter to which the representation agreement applies;

6) the decisions taken by the meeting of members which apply to the management of economic rights according to the representation agreement.

(2) In addition to the information indicated in Paragraph one of this Section the collective management organisation shall provide data on the calculated rights revenue on the basis of the representation agreement which is due to the represented collective management organisation according to the information which is the basis for distribution and has not been disbursed yet.

## **Chapter VII Relations with Users of Works and Other Subject-matter**

#### **Section 28. Obligation to Enter into a Licence Agreement**

(1) Upon request of a user a collective management organisation shall enter into a licence agreement with him or her, issuing an authorisation for the use of works or other subject-matter of the holders of copyright or related rights represented by the collective management organisation. If the holders of copyright or related rights represented by the collective management organisation do not possess exclusive rights, however, have the right to remuneration, the collective management organisation shall enter into the agreement upon request of the users in which the procedures for disbursing the remuneration shall be determined.

(2) The collective management organisation has the right to offer different provisions of a licence agreement for providers of new type online services if such decision is approved by its council. Within the meaning of this Law such online service shall be regarded a new type online service which has been available in the European Union Member States or European Economic Area states for less than three years.

#### **Section 29. Entering into an Agreement with an Association of Users**

Upon a request of an association of users, a collective management organisation shall enter into agreement with it on the use of works or other subject-matter of the holders of copyright or related rights represented by the collective management organisation.

#### **Section 30. Entering into an Agreement**

(1) A collective management organisation shall reply without undue delay to requests from a user or alliance of users for entering into an agreement and inform of all the data needed for the collective management organisation to

enter into the agreement. After receipt of such data the collective management organisation shall immediately offer to the user or alliance of users to enter into the agreement or to refuse to enter into the agreement, indicating substantiated arguments.

(2) A fair remuneration shall be determined in the agreement for use of works or other subject-matter.

### **Section 31. Payment of Remuneration with a Condition**

(1) If a collective management organisation and a user have agreed on the provisions of a licence agreement, except for the issue of the amount of remuneration, because there is a dispute between the parties over the substantiation of the amount of remuneration specified by the collective management organisation, an authorisation to use the works of holders of copyright represented by the collective management organisation shall be recognised as received if the user carries out the following activities in relation to the remuneration in order to receive it:

1) pays without any condition to the collective management organisation in such amount which the user considers as substantiated;

2) in the amount which the user does not recognise as substantiated, pays to the collective management organisation with a condition that the remuneration is to be refunded to him or her if it is recognised as overpaid in accordance with the provisions of this Section.

(2) An authorisation to use the works of holders of copyright represented by the collective management organisation shall be recognised as received at the time when the user has met both conditions provided for in Paragraph one of this Section. The user shall use the works according to the provisions of the licence agreement.

(3) The collective management organisation is entitled not to repay the remuneration paid with a condition if:

1) the user has recognised in writing the rights of the collective management organisation not to repay the remuneration paid with a condition - in full amount of the remuneration paid with a condition;

2) the collective management organisation and the user have agreed in writing on the right of the collective management organisation not to repay the remuneration paid with a condition in such amount as to which the parties have agreed;

3) the right of the collective management organisation to remuneration which exceeds the remuneration paid without a condition by the user has been recognised by the judgment of a court or court of arbitration which has entered into effect - in its exceeded amount;

4) the user is dead or has been liquidated, and he or she does not have any successor in rights and obligations - in full amount of the remuneration paid with a condition;

5) legal proceedings or process of court of arbitration in a dispute over the justification of the amount of remuneration specified by the collective management organisation have not been initiated within two years since payment of the remuneration with a condition or if it has been paid in parts, from the payment of the first part - in full amount of the remuneration paid with a condition.

(4) The remuneration which, in accordance with Paragraph three of this Section, the collective management organisation is not entitled not to refund shall be recognised as overpaid and the collective management organisation shall immediately repay it to the user. The user is entitled to receive the remuneration paid with a condition also in case if the collective management organisation is liquidated and it has no successor in rights and obligations.

(5) The user shall inform the collective management organisation in writing before payment of the remuneration in what amount he or she will pay the remuneration with the condition indicated in Paragraph one, Clause 2 of this Section. The collective management organisation shall, immediately after receipt of the notification of the user in writing, provide the information necessary for making the payment. The collective management organisation shall keep the remuneration paid with a condition in a separate deposit account in a credit institution until the time when any of the cases referred to in this Section sets in, and it is entitled not to repay the remuneration paid with a condition or it has an obligation to disburse it, fully or partly, to the user.

(6) The right to bring an action for the substantiation of the amount of the remuneration laid down by the collective management organisation shall expire within the time period laid down in Paragraph three, Clause 5 of this Section.

(7) The provisions of this Section shall be also applied in case if the collective management organisation and the user cannot reach an agreement on the remuneration to be paid indicated in Section 51, Paragraph three or Section 52, Paragraph one of the Copyright Law.

### **Section 32. Determination of the Rates for Remuneration**

(1) A collective management organisation shall determine the rates for remuneration to be collected for the use of works or other subject-matter managed by it. The rates for remuneration shall be determined, taking into account the

fact that the holders of copyright or related rights represented by the collective management organisation have the right to receive fair remuneration for the use of their works or other subject-matter.

(2) Upon determining the rates for remuneration, the collective management organisation shall take into account:

1) direct commercial benefit which is obtained by the user of the work or other subject-matter as a result of the relevant use;

2) the purpose, amount and significance of the use of the work or other subject-matter depending on the type of use within the scope of economic activity or other activity;

3) the economic value of services provided by the collective management organisation;

4) the financial resources invested in the creation or establishment of the work or other subject-matter, and other values characterising the economic validity of remuneration.

(3) The rates for remuneration may be determined also on the basis of other objective criteria not referred to in Paragraph two of this Section, including the criteria of indirect commercial or non-financial benefit which are sufficiently clear and application of which is not related to incommensurate management fees of the collective management organisation.

(4) The collective management organisation shall inform the relevant users of the criteria used for determination of the rates for remuneration.

(5) Upon assessing the justification of the rate for remuneration, the court shall take into account the limit values of the amount of use of works or other subject-matter specified by the collective management organisation.

### **Section 33. Obligation of Users to Provide Information**

(1) Upon request of a collective management organisation the user shall provide information regarding the use of such works or other subject-matter in respect of which the collective management organisation manages the economic rights of holders of copyright or related rights. The collective management organisation is entitled to request only such information which is necessary for efficient collection, distribution of rights revenue, and disbursement of remuneration to holders of copyright or related rights. The obligation to provide information shall not apply to users which are consumers within the meaning of the Consumer Rights Protection Law, and also in case if the provision of information is related to incommensurately large expenses compared to the amount of remuneration to be paid.

(2) The collective management organisation and the user shall agree on the time periods and type of provision of the information specified in Paragraph one of this Section. If there is no such agreement, the user shall provide information within such time period that the collective management organisation could comply with the time period specified in Section 21, Paragraph one of this Law. In such case the collective management organisation shall inform the user of the time period within which he or she must provide the information specified in Paragraph one of this Section.

(3) Upon taking a decision on the type of provision of the information, the collective management organisation and the user shall comply with the voluntary standards of the sector as much as possible.

### **Section 34. Electronic Communication**

A collective management organisation shall ensure that the user may communicate with this organisation also with a view to provide the information specified in Section 33, Paragraph one of this Law, using electronic means of communication.

## **Chapter VIII Provision of Information and Reports**

### **Section 35. Information to be Provided before Entering into a Collective Management Agreement**

(1) A collective management organisation shall, before entering into a collective management agreement, explain to the holder of copyright or related rights the information related to the collective management agreement and entering into it, and also inform the relevant holder of:

1) the rights of the holder of copyright or related rights specified in Sections 5, 6, and 7 of this Law, including the conditions referred to in Section 6 of this Law;

2) the management fees and other deductions from rights revenue and their amounts.

(2) The collective management organisation shall indicate in its articles of association the rights of holder of copyright or related rights specified in Sections 5, 6, and 7 of this Law.

### **Section 36. Information to be Provided to the Represented Holders of Copyright or Related Rights**

A collective management organisation shall, not later than 12 months after the end of the financial year, provide information to each holder of copyright or related rights to whom it has disbursed the remuneration in the previous financial year regarding:

- 1) the contact information of the holder of copyright or related rights which he or she has allowed for the collective management organisation to use for identification and location of the holder of copyright or related rights;
- 2) rights revenue calculated in the previous financial year for the holder of copyright or related rights;
- 3) remuneration which the collective management organisation has disbursed to the holder of copyright or related rights in the previous financial year with a breakdown by the managed rights and types of use;
- 4) the period of time in which the use has occurred for which remuneration has been calculated and disbursed to the holder of copyright or related rights;
- 5) deductions carried out in the previous financial year for covering management fees;
- 6) deductions which have been carried out in the previous financial year for the purposes not related to management fees, including deductions for covering social, cultural or educational services;
- 7) all rights revenue calculated but not disbursed to the holder of copyright or related rights.

### **Section 37. Information to be Provided upon a Request Regarding Works and Other Subject-matter**

(1) Upon receipt of a request of the holder of copyright or related rights, the user or the collective management organisation represented on the basis of the representation agreement, the collective management organisation shall electronically provide free of charge information regarding the works or other subject-matter, the rights, and the covered territories managed by it directly or under a representation agreement.

(2) If the collective management organisation cannot determine the works or other subject-matter managed by it due to its field of activity, the relevant organisation shall, upon receipt of the request referred to in Paragraph one of this Section, provide the information to the requester regarding the types of works or other subject-matter, the rights, and the covered territories managed by it.

(3) The collective management organisation shall provide the information specified in Paragraphs one and two of this Section within a reasonable period of time, however, not later than within 30 days after the day of receipt of the request.

### **Section 38. Disclosure of Information to the Public**

A collective management organisation has an obligation to post the following information on its website and to update it not later than within 30 days after the day of making changes:

- 1) its articles of association;
- 2) standard licensing contracts, rates for remuneration, including discounts specified by the collective management organisation, and justification for determination of the size of rates for remuneration;
- 3) agreements with alliances of users;
- 4) the list of given names, surnames, and positions of the members of the council and executive board of the collective management organisation;
- 5) the conditions indicated in Section 6 of this Law;
- 6) general regulations for distribution of rights revenue and other provisions for distribution of remuneration;
- 7) general regulations regarding deductions from rights revenue, including regarding management fees and deductions for the provision of social, cultural and educational services;
- 8) general regulations for rights revenue not to be disbursed;
- 9) information regarding representation agreements, including the name of the contracting party and the type of use of such work or other subject-matter in relation to which the agreement has been entered into;
- 10) information regarding the complaint handling and dispute resolution procedures (Section 66);
- 11) annual reports.

### **Section 39. Annual Transparency Report**

(1) A collective management organisation shall, not later than eight months after the end of the financial year, prepare and post on its website an annual transparency report on the relevant financial year.

(2) The information indicated in Annex to this Law and the report indicated in Paragraph three of this Section shall be included in the annual transparency report.

(3) The collective management organisation shall prepare a report on the use of amounts deducted for social, cultural or educational services in the previous financial year, including the information indicated in Paragraph 3 of Annex to this Law in the report.

(4) The accounting information included in the annual transparency report shall be audited by a sworn auditor. The audit report, including any notes regarding it, shall be included in full in the annual transparency report.

(5) The collective management organisation shall ensure that the annual transparency report, including the report indicated in Paragraph three of this Section and the auditor report indicated in Paragraph four of this Section, remain available to the public on the website of this organisation for at least five years after posting thereof.

(6) The information referred to in Paragraphs 1.5 and 1.7 of Annex to this Law regarding the dependent management entity shall be posted by the entity itself on its website.

## **Chapter IX Basic Regulations Regarding Multi-territorial Licensing**

### **Section 40. Scope of Application**

(1) The provisions of Chapters IX and X of this Law shall be applied only for multi-territorial licensing of online rights in musical works which is carried out by collective management organisations.

(2) Within the meaning of this Law, multi-territorial licensing is issuing of a licence in respect of more than one European Union Member State or European Economic Area state.

(3) The provisions of Chapters IX and X of this Law shall not be applied if the collective management organisation issues a multi-territorial licence for online rights in musical works to a broadcasting organisation for which it is necessary in order to, concurrently with initial broadcasting or after it, to communicate to the public its radio or television programmes or to make them available for the public by wires or other way so as these programmes may be accessed at an individually selected place and at an individually selected time, and also any other online materials which supplement the initially broadcasted programme and which have been created by the broadcasting organisation or which have been created for its needs, including previews of the initially broadcasted programme.

(4) The provisions of Section 28, Paragraph one, Sections 29 and 31 of this Law shall not be applied, if the user or alliance of users wants to receive a multi-territorial licence for online rights in musical works.

### **Section 41. Requirements Laid down for Collective Management Organisations in Multi-territorial Licensing**

(1) A collective management organisation which issues multi-territorial licences for online rights in musical works shall process the necessary data electronically, ensuring:

1) the ability to identify, wholly or in part, the repertoire represented by it;

2) the ability to identify accurately, wholly or in part, with respect to each relevant territory, the rights and their corresponding holders of copyright for each musical work or share therein which the collective management organisation is authorised to represent;

3) use of unique identifiers for identification of holders of copyright and musical works, taking into account, as far as possible, voluntary industry standards and practices developed at international or European Union level;

4) use of adequate means for identification and resolving in a timely manner of inconsistencies in data held by other collective management organisations granting multi-territorial licences for online rights in musical works.

(2) Within the meaning of Chapters IX and X of this Law, the repertoire shall be works in respect of which the collective management organisation manages copyright.

### **Section 42. Obligation to Represent Another Collective Management Organisation**

(1) A collective management organisation which issues or offers to issue multi-territorial licences for online rights in musical works on behalf of at least one other collective management organisation upon request of such collective management organisation which does not issue and does not offer to issue such licences, has an obligation to enter

into a representation agreement with it. The obligation to enter into a representation agreement shall apply only to such online rights in musical works in respect of which the collective management organisation already issues or offers to issue multi-territorial licences.

(2) The collective management organisation shall, immediately after receipt of the request indicated in Paragraph one of this Section, provide an answer in writing in which it informs regarding the main provisions according to which it issues or offers to issue multi-territorial licences for online rights in musical works, including the nature of the exploitation, all provisions which relate to or affect the licence fee, the duration of the licence, the accounting periods, and the territories covered.

(3) It may not be provided for in the representation agreement indicated in Paragraph one of this Section that multi-territorial licences for online rights in musical works may be issued or offered to be issued on behalf of the authorising collective management organisation only by an authorised collective management organisation. Such provision is not in effect from the time of entering into the agreement, but the agreement shall remain in effect if it may exist also after exclusion of the relevant provision.

#### **Section 43. Obligation of the Authorising Collective Management Organisation to Provide Information**

(1) The authorising collective management organisation shall provide such information to the authorised collective management organisation regarding the musical works managed by it which is necessary for the issuing of the relevant multi-territorial licences for online rights.

(2) If the information indicated in Paragraph one of this Section is non-sufficient or provided in such a way that the authorised collective management organisation is prevented from performing the requirements laid down in Chapters IX and X of this Law, the authorised collective management organisation has the right:

1) to request the authorising collective management organisation to cover the substantiated costs incurred as a result of performance of the requirements indicated in Chapters IX and X of this Law;

2) to exclude such works from the represented repertoire regarding which the information provided is non-sufficient or cannot be used.

(3) The authorising collective management organisation shall inform its members and holders of copyright represented on the basis of agreements on provisions of the representation agreement, including regarding the term of the agreement and the costs for services provided by the authorised collective management organisation.

#### **Section 44. Management on the Basis of a Representation Agreement**

(1) The authorised collective management organisation shall manage the repertoire represented by the authorising collective management organisation, applying the same provisions as for its own represented repertoire.

(2) The authorised collective management organisation in all offers to online service providers shall include the repertoire represented by the authorising collective management organisation.

(3) Management fees for a service which the authorised collective management organisation provides to the authorising collective management organisation may not exceed the costs which have justifiably incurred for the authorised collective management organisation.

#### **Section 45. Availability of Multi-territorial Licensing for Online Rights in Musical Works**

A collective management organisation which does not issue multi-territorial licences for online rights in musical works and has not entered into a representation agreement indicated in Section 42, Paragraph one of this Law shall ensure the possibility of the holders of copyright represented by it to revoke the proxy provided to the collective management organisation in the part which authorises to issue multi-territorial licences for online rights in musical works. The collective management organisation shall, after revocation of such proxy, continue to manage the online rights in musical works of the relevant holders of copyright in respect of the territory in which it already carries out the indicated right management unless the holder of copyright has requested to terminate such management.

## **Chapter X**

### **Exchange of Information Regarding Multi-territorial Licences and Distribution of Rights Revenue**

#### **Section 46. Obligation to Provide Information Regarding Repertoire and Online Rights**

(1) A collective management organisation shall, after receipt of a request with the intermediation of electronic means of communication, provide the updated information to online service providers, holders of copyright, and other collective management organisation regarding:

- 1) the musical works it represents;
- 2) the online rights it manages, wholly or in part;
- 3) the territories covered.

(2) The collective management organisation shall carry out the necessary activities in order to protect data accuracy and integrity, to control their repeated use, and to protect the trade secret.

#### **Section 47. Correction of Information**

(1) A collective management organisation shall determine the procedures by which online service providers, holders of copyright and other collective management organisations may request to correct the information to which the requirements laid down in Section 41, Paragraph one of this Law apply, and also the information which is indicated in Section 46, Paragraph one of this Law.

(2) If the request is justified, the collective management organisation shall immediately correct the relevant information.

(3) The collective management organisation shall ensure the possibility for the holders of copyright represented by it to submit electronically the information regarding their musical works, corresponding online rights and territories in respect of which the holders of copyright have entrusted the collective management organisation to carry out the management of the abovementioned rights. For the provision of such information, the collective management organisation and the holders of copyright shall take into account, as far as possible, voluntary industry standards or practices regarding the exchange of data developed at international or European Union level.

#### **Section 48. Supervision of Use**

A collective management organisation shall carry out supervision on how online service providers who have obtained a multi-territorial licence for online rights in musical works issued by it use the granted rights.

#### **Section 49. Reports on Actual Use of Online Rights in Musical Works**

(1) A collective management organisation shall ensure a possibility for online service providers to electronically provide reports on actual use of online rights in musical works. Online service providers have an obligation to accurately draw up the abovementioned reports and submit them to the collective management organisation.

(2) The collective management organisation shall offer at least one method for provision of the reports indicated in Paragraph one of this Section where the voluntary industry standards or practices for electronic exchange of such data developed at international or European Union level are taken into account.

(3) The collective management organisation may refuse to accept a report of the online service provider if it is not submitted using the method provided for in Paragraph two of this Section.

#### **Section 50. Settlement of Accounts with Online Service Providers**

(1) A collective management organisation shall, after receipt of the report on the actual use of online rights in musical works, immediately issue an invoice to the online service provider, except for the cases when it is not possible due to the fault of the online service provider.

(2) The collective management organisation shall issue an invoice and send it to the online service provider in electronic form by offering at least one payment method which conforms to the international or European Union voluntary industry standards or practices. The online service provider is not entitled to refuse to accept invoice which has been prepared in conformity with such standard or practice.

(3) Upon issuing an invoice, the collective management organisation shall indicate musical works therein, the corresponding online rights which are licensed in conformity with the requirements laid down in Section 41, Paragraph one of this Law, and the actual use of the abovementioned rights, insofar as it is possible on the basis of the information provided by the online service provider and format used for provision of such information.

(4) The collective management organisation shall determine the procedures by which the online service provider may contest the invoice issued to him or her, including the case when the online service provider has received invoices from several collective management organisations on the same online rights in a particular musical work.

#### **Section 51. Distribution of Rights Revenue**

(1) A collective management organisation shall distribute the rights revenue collected within the framework of multi-territorial licensing of online rights in musical works and shall immediately disburse the remuneration to holders of copyright in accordance with the general regulations for the distribution of rights revenue.

(2) Upon disbursing the collected rights revenue, the collective management organisation shall inform the relevant

holders of copyright regarding:

1) the period of time during which the use took place for which remuneration is due to the holders of copyright and the territories in which the use took place;

2) the deductions made from the collected rights revenue and the remuneration distributed by the collective management organisation for each online rights in any musical work which the holders of copyright have authorised the collective management organisation, wholly or in part, to represent;

3) the rights revenue collected by it for holders of copyright, the deductions made, and the remuneration distributed by the collective management organisation in respect of each online service provider.

(3) If the collective management organisation manages online rights in musical works on the basis of a representation agreement, it shall immediately distribute rights revenue and disburse remuneration to the authorising collective management organisation, and also provide the information referred to in Paragraph two of this Section thereto. The authorising collective management organisation shall be responsible for further distribution and disbursement of the received remuneration and provision of information to holders of copyright, unless the authorising collective management organisation and the authorised collective management organisation have agreed otherwise.

## **Chapter XI**

### **Supervision of Activities of Collective Management Organisations**

#### **Section 52. Supervisory Authority**

The activities of collective management organisations shall be supervised by the Ministry of Culture.

#### **Section 53. Purpose of Supervision and Field of Application Thereof**

(1) The purpose of supervision of the activity of a collective management organisation is to ensure lawfulness, transparency, efficiency of its activities and conformity with lawful interests of the holders of copyright and related rights represented by such organisations.

(2) The Ministry of Culture shall supervise the conformity of the activity of collective management organisations with this Law, the Copyright Law, and laws and regulations issued on the basis of the abovementioned laws.

(3) If the Ministry of Culture finds that the activities of a collective management organisation might not be in line with other laws and regulations, it shall inform the authority which supervises the conformity to the relevant laws and regulations, and, if there is no obvious reason to believe that it could disturb the detection and prevention of the possible infringement - also the council of the collective management organisation.

(4) If a collective management organisation operating in Latvia is established in another European Union Member State or European Economic Area state, the Ministry of Culture shall supervise the conformity of activities of the relevant organisation with the legal norms of the other Member State by which the requirements laid down in Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market are transposed. The Ministry of Culture shall implement such supervision insofar as the information necessary for the performance of supervision is freely available or obtaining thereof is not related to incommensurate expenses.

#### **Section 54. Authorisation for Performance of Collective Management of Economic Rights**

(1) A collective management organisation may perform collective management of economic rights only after obtaining an authorisation from the Ministry of Culture.

(2) A collective management organisation which operates in Latvia but is established in another European Union Member State or a European Economic Area state shall obtain the authorisation referred to in Paragraph one of this Section only in case if such organisation wants to manage economic rights of holders of copyright or related rights in respect of the types of use indicated in Section 3, Paragraph two of this Law, and also if it wants to manage the right to remuneration referred to in Section 48, Paragraph twelve or Section 53, Paragraph three of the Copyright Law or the rights referred to in Paragraph 6 of Transitional Provisions of the Copyright Law.

#### **Section 55. Issue of an Authorisation**

(1) The Ministry of Culture shall issue an authorisation on the basis of a written submission of a collective management organisation only in respect of the economic rights or the type of use indicated therein. The relevant collective management organisation shall append the following to the submission:

1) its articles of association;

2) information regarding the given name, surname, and position of the members of the council;



3) a notification of the number of represented holders of copyright or related rights or of the number of those holders of copyright or related rights which have become members of the organisation or have confirmed in writing their intention to entrust the management of their economic rights to the organisation, and also of its managed rights or rights for which the holders of copyright or related rights have confirmed their intention to entrust the management thereof to the organisation;

4) the activity plan for the following three full financial year from which conclusions can be drawn regarding the planned revenue and expenditure, and also regarding the structure of the collective management organisation;

5) other documents which the Ministry of Culture requests within 30 days after receipt of the submission, providing a substantiation, and which are necessary for assessment of the circumstances referred to in Paragraph three, Clause 3 of this Section.

(2) The information indicated in Paragraph one of this Section may not be provided and documents may not be appended to the submission for obtaining an authorisation if the relevant information and documents are already at the disposal of the Ministry of Culture or they are available on the website of the collective management organisation and this organisation confirms the accuracy of the information or documents available on the website.

(3) The Ministry of Culture shall issue an authorisation to the collective management organisation if:

1) the articles of association thereof conform to this Law;

2) the collective management organisation represents or will immediately after obtaining the authorisation represent a significant number of authors or performers, phonogram producers, and other holders of related rights;

3) the collective management organisation is able to carry out efficient management of particular rights or type of use and fulfil the requirements laid down for collective management organisations in this Law;

4) the relevant collective management is not ensured by another collective management organisation.

(4) The Ministry of Culture shall refuse to issue an authorisation in the following cases:

1) at least one of the assessment criteria laid down in Paragraph three of this Section is not fulfilled;

2) the collective management organisation has not submitted one or several documents indicated in Paragraph one of this Section but the provisions of Paragraph two of this Section do not apply to them;

3) the collective management organisation has submitted documents which contain false information.

(5) The assessment criteria specified in Paragraph three, Clause 4 of this Section need not be applied if a decision to revoke the authorisation issued to another collective management organisation has been taken and in accordance with Section 56, Paragraph three of this Law later entering into effect of such revocation has been specified and the decision cannot be contested.

#### **Section 56. Revocation of Authorisation**

(1) The Ministry of Culture may revoke the authorisation issued by it in the following cases:

1) the basis for refusal referred to in Section 55, Paragraph four, Clause 1 or 3 of this Law was not known to the Ministry of Culture at the time of issue of the authorisation or occurred after the issue of the authorisation, and the relevant deficiency cannot be eliminated or it has not been eliminated within the period of time specified by the Ministry of Culture;

2) the collective management organisation does not terminate the violation of the laws and regulations after receipt of the decision of the Ministry of Culture or fails to carry out the activities specified by the Ministry of Culture within the period of time specified in the decision in order to prevent the influence of the violations, or repeatedly violates the laws and regulations within a year after receipt of the decision of the Ministry of Culture.

(2) If several authorisations for the performance of collective management of economic rights have been issued to a collective management organisation, the revocation indicated in Paragraph one of this Section shall apply to the authorisation to which the basis for revocation is related. If the basis for revocation of the authorisation applies to several or all authorisations issued to the relevant collective management organisation, each authorisation shall be revoked by a separate decision.

(3) If it is necessary for the protection of rights or lawful interests of holders of copyright or related rights or users, the Ministry of Culture may, by revoking the authorisation, determine later entering into effect of such revocation, and also the procedures by which a collective management organisation shall complete performance of collective management and transfer information necessary for ensuring continuity of such management to the Ministry of Culture or other collective management organisation indicated by it.

## **Section 57. Notification Regarding Performance of Collective Management of Economic Rights**

If a collective management organisation in accordance with Section 54 of this Law does not need an authorisation for the performance of collective management of economic rights, it shall, immediately after commencement of collective management of economic rights, notify the Ministry of Culture if:

- 1) it is established in another European Union Member State or European Economic Area state and operates in Latvia;
- 2) it is established in Latvia and operates in another European Union Member State or European Economic Area state.

## **Section 58. Disclosure of Information to the Public Regarding Issue or Revocation of an Authorisation**

The Ministry of Culture shall publish information regarding an authorisation issued for the performance of collective management of economic rights and regarding the notification indicated in Section 57 of this Law in the official gazette *Latvijas Vēstnesis* after taking of the decision or receipt of the notification. The Ministry of Culture shall publish information regarding revocation of the authorisation in the official gazette *Latvijas Vēstnesis* after the end of the time period for appealing thereof.

## **Section 59. Performance of Collective Management of Economic Rights without an Authorisation**

If a person carries out collective management of economic rights without obtaining an authorisation necessary for its performance or without provision of the notification indicated in Section 57 of this Law to the Ministry of Culture, it is not entitled to request performance of any obligations on the basis of the abovementioned rights and bring any relevant claims, and also may not be recognised as a victim in the administrative violation case or criminal case in relation to infringement of the rights referred to in this Section.

## **Section 60. Rights of the Ministry of Culture within the Framework of Supervision**

(1) The Ministry of Culture has the following rights within the framework of supervision:

- 1) to take a decision by which a lawful obligation is imposed on a collective management organisation to discontinue infringement of laws and regulations and to carry out activities in order to rectify impact of the infringement by determining a time period for the performance of such activities;
- 2) to request that the collective management organisation provides information regarding its activities, and also presents any documentation, including agreements entered into, reports provided to holders of copyright or related rights, correspondence documentation, minutes of meetings of members and board meetings, and council meetings;
- 3) to participate in meetings of members and meetings of the executive board and council of collective management organisations as its representative in the status of observer;
- 4) to attract a sworn auditor for the performance of supervision.

(2) The Ministry of Culture is entitled to prohibit a person who carries out collective management of economic rights without the authorisation necessary for the performance thereof or without provision of the notification indicated in Section 57 of this Law to the Ministry of Culture, to carry out collective management of the rights of holders of copyright or related rights.

(3) If there is information at the disposal of the Ministry of Culture that a person who has not obtained an authorisation for the performance of collective management of economic rights operates in a way that he or she has to obtain the authorisation indicated in Section 54 of this Law, the Ministry of Culture is entitled to request that the relevant person submits information and documents necessary for the verification of necessity of the authorisation.

(4) If the lawful obligation specified by the Ministry of Culture is not fulfilled, it may carry out forced execution of the lawful obligation in accordance with the procedures laid down in the Administrative Procedure Law, insofar as it is not otherwise provided for in this Law.

(5) An addressee shall be warned in writing about the forced execution of the lawful obligation. The warning may not be appealed.

(6) The provisions of Paragraph one of this Section shall not be applied to collective management organisations which have been established in another European Union Member State or a European Economic Area state.

## **Section 61. Obligations of a Collective Management Organisation**

A collective management organisation has an obligation:

- 1) to discontinue infringement of the laws and regulation within the time period specified in the decision of the Ministry of Culture and to carry out the activities specified in the decision in order to prevent the influence of the

infringement;

2) to provide the Ministry of Culture with information requested thereby without delay, but not later than within 15 days after request is received, unless a longer period of time for providing information is indicated in the relevant request;

3) to inform the Ministry of Culture of the date and time of occurrence of the meeting of members, the meeting of the executive board and council of the organisation at least seven days in advance, but if the date of occurrence of the meeting of the executive board is not known within the abovementioned period of time for objective reasons - as soon as it becomes known, but not later than one day before the meeting of the executive board;

4) to ensure a possibility for the representative of the Ministry of Culture to participate in the meetings of members, using electronic means of communication;

5) to co-operate with the sworn auditors referred to in Section 60, Paragraph one, Clause 4 of this Law and provide them with all the necessary information.

#### **Section 62. Implementation of Supervision in Relation to Collective Management Organisations which have been Established in another European Union Member State or European Economic Area State**

(1) If a collective management organisation which is established in another European Union Member State or European Economic Area state infringes legal norms in Latvia by which the requirements of Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market are transposed, the Ministry of Culture shall send information regarding infringement to the supervisory authority of the relevant Member State.

(2) In the case of the established infringement the Ministry of Culture is entitled to send information also to the expert group which is established in accordance with Article 41 of Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market.

#### **Section 63. Provision of Information to Supervisory Authorities of other European Union Member States or European Economic Area States**

(1) The Ministry of Culture is a communication authority in relation to a request for information by another European Union Member State or European Economic Area state regarding issues which are related to the application of such legal norms which are arising from Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market.

(2) If the Ministry of Culture receives a request of a supervisory authority of another European Union Member State or European Economic Area state to carry out supervision measures in respect of a collective management organisation which is established in Latvia regarding the activities carried out in the relevant Member State, the Ministry of Culture shall provide a justified reply to such supervisory authority within three months after the day of receipt of the request.

#### **Section 64. Supervision of Activities of Dependent Management Entities**

(1) The provisions of this Chapter shall be applied for the supervision of the activities of dependent management entities, except for that laid down in Sections 54, 55, and 56 of this Law.

(2) The dependent management entity shall notify regarding commencement of collective management of economic rights in accordance with Section 57 of this Law.

#### **Section 65. Supervision of Activities of Independent Management Entities**

(1) The provisions of Sections 52, 53, 60, 61, 62, and 63 of this Law with corresponding changes shall be applied to the supervision of the activities of independent management entities, except for the provisions of Section 60, Paragraph one, Clause 3 and Section 61, Clause 3.

(2) An independent management entity which operates in Latvia shall notify regarding commencement of collective management of economic rights in accordance with Section 57 of this Law. If such notification is not submitted, the provisions of Section 59 and the relevant provisions of Section 60 of this Law shall be applied.

## **Chapter XII Examination of Complaints and Disputes**

#### **Section 66. Examination of Complaints in a Collective Management Organisation**

(1) A collective management organisation shall determine the procedures by which it examines the complaints of holders of copyright or related rights, its members and collective management organisations represented on the basis of the representation agreement within one month, including the complaints regarding:

- 1) the commencement or termination of right management;
- 2) the preconditions for participation in the collective management organisation;
- 3) the management of rights revenue, including performance of deductions.

(2) If the period of time specified in Paragraph one of this Section cannot be complied with for objective reasons, the collective management organisation may extend it for a period of time not longer than four months from the day of receipt of the complaint, notifying the submitter thereon.

(3) The collective management organisation shall reply to the complaints referred to in Paragraph one of this Section in writing. If the collective management organisation refuses a complaint, it shall indicate the justification for such refusal.

#### **Section 67. Submission of the Notification on Possible Violation of the Law to the Ministry of Culture**

(1) Members of a collective management organisation, holders of copyright or related rights, users, collective management organisations, and other interested persons have the right to notify the Ministry of Culture of the activities or circumstances which the submitter considers to be infringement of this Law.

(2) Examination of the notification referred to in Paragraph one of this Section shall be governed by the Law on Submissions, unless it is otherwise provided for in this Law.

(3) The Ministry of Culture shall, after receipt of the notification referred to in Paragraph one of this Section, assess the information provided therein regarding a possible violation of this Law and, where necessary, carry out measures for the supervision of the activities of the collective management organisation in conformity with the provisions of Chapter XI of this Law.

#### **Section 68. Settlement of Disputes in Issues Regarding Multi-territorial Licensing of Online Rights in Musical Works**

Anyone has the right to apply to a mediator in accordance with the procedures laid down in Chapter X.<sup>1</sup> of the Copyright Law in order to settle a dispute between a collective management organisation which is established in Latvia and which issues or offers to issue multi-territorial licences for online rights in musical works, and an online service provider, holder of copyright or related rights or another collective management organisation, insofar as the rights or obligations of the abovementioned parties are infringed in the relevant dispute in accordance with the provisions of Section 28, 30, 32, or 34 or Chapter IX or X of this Law.

### **Transitional Provisions**

1. Compensations which a collective management organisation has collected through a court on the basis of Section 69, Paragraph one, Clause 4 of the Copyright Law (in the wording until 28 February 2007) shall be recognised as rights revenue within the meaning of this Law.

2. Economic rights of holders of copyright in respect of retransmission which is not carried out by cables shall be managed only collectively from 1 January 2018. The collective management organisation is entitled to obtain an authorisation for the performance of such management also before the date specified in this Paragraph. The authorisations for the performance of collective management in respect of retransmission issued to collective management organisations in accordance with Section 15, Paragraph one of the Copyright Law shall become invalid from 1 January 2018. The agreements on retransmission entered into by the collective management organisations until the abovementioned date shall remain in effect and the collective management organisation shall manage the rights revenue collected on the basis thereof in accordance with the provisions of this Law. The agreements entered into by holders of copyright with which economic rights in respect of retransmission which is not carried out by cables have been transferred or licensed to third parties by 1 January 2018 shall remain in effect.

3. The meeting of members may delegate the issue indicated in Section 12, Paragraph one, Clause 14 of this Law to the council of the collective management organisation only after it has been initially decided on the merits by the meeting of members.

4. Authorisations which have been issued to collective management organisations in accordance with Section 67, Paragraph one of the Copyright Law remain in effect and are equalled to the authorisations issued in accordance with the requirements of Section 55 of this Law.

5. The amendments to the articles of association of a collective management organisation which are necessary in order to ensure the performance of the requirements laid down in this Law shall be made within a reasonable period of time, however, not later than until 31 December 2017.

6. Collective management organisations shall, by 31 December 2017, inform holders of copyright or related rights represented on the basis of agreements on the rights of the holder of copyright or related rights specified in Sections 5, 6, and 7 of this Law, including the conditions referred to in Section 6 of this Law or their absence.

7. Sections 27 and 36 of this Law shall be applied for the first time in relation to the financial year which begins after 31 December 2017.

8. The annual reports indicated in Section 14, Paragraph five and Section 15, Paragraph ten of this Law shall be provided for the first time in relation to the financial year which begins after 31 December 2016.

9. The annual transparency report indicated in Section 39 of this Law shall be provided for the first time in relation to the financial year which begins after 31 December 2017.

10. The collective management organisation shall post the information indicated in Section 38 of this Law, insofar it should not be made public in accordance with Section 66, Paragraph six of the Copyright Law, on its website not later than by 31 December 2017.

## **Informative Reference to European Union Directives**

This Law contains legal norms arising from Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market.

Law on Collective Management of Copyright  
**Annex**

## **Information to be Included in the Annual Transparency Report**

1. The following shall be included in the annual transparency report referred to in Section 39 of this Law:

1.1. an annual account comprising a balance-sheet and an income and expenditure account for the financial year;

1.2. a report on the activities in the relevant financial year;

1.3. information on refusals to grant authorisations for the use of the works or other subject-matter;

1.4. a description of the structure of the collective management organisation;

1.5. information on dependent management entities of a collective management organisation, including the information indicated in Paragraphs 1.2, 1.3, and 1.4 of this Annex with the relevant changes;

1.6. information on the total amount of remuneration paid to the members of the council and executive board of the collective management organisation in the previous year, and on other benefits granted to such persons;

1.7. the financial information referred to in Paragraph 2 of this Annex regarding a collective management organisation and its dependent management entities;

1.8. a report on the use of any amounts deducted for the purposes of social, cultural and educational services, containing the information referred to in Paragraph 3 of this Annex.

2. The following financial information shall be included in the annual transparency report:

2.1. regarding rights revenue per category of rights managed and per type of use (broadcasting, online, public performance, etc.), including information on the income arising from the investment of rights revenue and the use of such income (whether it is distributed to holders of copyright or related rights or other collective management organisations, or otherwise used);

2.2. regarding the cost of rights management and other services provided by the collective management organisation to holders of copyright or related rights and members, especially:

2.2.1. all operating and financial costs, with a breakdown per category of rights managed. If costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate such indirect

costs to the rights shall be provided;

2.2.2. operating and financial costs related to management of rights, including expenses for management, with a breakdown per category of rights managed. If costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate such indirect costs to the rights shall be provided;

2.2.3. operating and financial costs with regard to services other than the management of rights, but including social, cultural and educational services;

2.2.4. resources used to cover costs, and also information on the amount in which the costs are covered from rights revenue, own property, and other means;

2.2.5. deductions made from rights revenues, with a breakdown per category of rights managed and per type of use and the purpose of the deduction (costs related to the management of rights and costs related to provision of social, cultural or educational services, etc.);

2.2.6. part of the management costs of economic rights and costs of such services which are provided by the collective management organisation to holders of copyright or related rights and members (expressed as the percentage) in relation to the rights revenue in the relevant financial year, per category of rights managed. If costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used for allocation such indirect costs shall be provided;

2.3. regarding remuneration due to holders of copyright or related rights, especially:

2.3.1. the total remuneration calculated for holders of copyright or related rights, with a breakdown per category of rights managed and type of use;

2.3.2. the total remuneration paid to holders of copyright or related rights, with a breakdown per category of rights managed and type of use;

2.3.3. the frequency of payments, with a breakdown per category of rights managed and per type of use;

2.3.4. the total remuneration not yet calculated for holders of copyright or related rights, with a breakdown per category of rights managed and type of use, indicating the financial year in which the remuneration was collected;

2.3.5. the total remuneration calculated but not yet disbursed to holders of copyright or related rights, with a breakdown per category of rights managed and type of use, indicating the financial year in which the remuneration was collected;

2.3.6. the reasons for the delay, if the collective management organisation has not carried out distribution of rights revenue and disbursement of remuneration within the deadline indicated in Section 21, Paragraph one of this Law;

2.3.7. the total amount of non-disbursable remuneration, along with an explanation of its use;

2.4. regarding relationships with other collective management organisations, especially regarding:

2.4.1. amounts received from other collective management organisations and amounts disbursed to other collective management organisations, with a breakdown per category of rights, per type of use, and per collective management organisation;

2.4.2. management fees and other deductions from the rights revenue due to other collective management organisations, with a breakdown per category of rights, per type of use, and per collective management organisation;

2.4.3. management fees and other deductions from the amounts disbursed by other collective management organisations, with a breakdown per category of rights and per collective management organisation;

2.4.4. amounts distributed directly to holders of copyright or related rights represented by other collective management organisations, with a breakdown per category of rights and per collective management organisation.

3. The following information shall be included in the report indicated in Section 39, Paragraph three of this Law:

3.1. information regarding the amounts deducted for the purposes of social, cultural and educational services in the financial year, with a breakdown per type of purpose and, for each type of purpose, with a breakdown per category of rights managed and per type of use;

3.2. an explanation of the use of the amounts indicated in Paragraph 3.1 of this Annex, with a breakdown per type of purpose, indicating separately the costs of managing amounts deducted to fund social, cultural and educational services and amounts actually used for the provision of the abovementioned services.

The Law has been adopted by the *Saeima* on 18 May 2017.

Rīga, 31 May 2017

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<sup>1</sup> The Parliament of the Republic of Latvia

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