

CISAC

ANNUAL REPORT 2006



SERVING AUTHORS WORLDWIDE
AU SERVICE DES AUTEURS DANS LE MONDE
AL SERVICIO DE LOS AUTORES EN EL MUNDO

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LOOKING BACK, LOOKING FORWARD

Reviewing CISAC's activities in 2006, one trend was clear: CISAC is committed to "Serving Authors Worldwide", as its new tagline asserts, by finding solutions and positioning the system of collective management as a proactive force now and in the future. In many ways, this report is not simply an overview of our past accomplishments and struggles, but a rare opportunity to take stock of where we are now and where we are headed.

With changes in our field happening so rapidly, it became imperative over the past few years to carry out a thorough reassessment of CISAC's image, vision and strategies. From this process, it became clear that in order to move forward and secure an influential position for authors' societies in the future it was necessary both to optimise our member services and multiply our exchanges and common projects with all partners who shape the creative marketplace.

STRENGTH FROM WITHIN

Today, CISAC's membership includes 217 societies from 114 countries. CISAC's regional directors continue to work hard to increase these numbers through developmental work and lobbying across the world. This work, in addition to the creation of an African Affairs Department in Johannesburg, stems from CISAC's vision for a comprehensive network of societies operating in all territories and for all repertoires.

For its members, CISAC strove to improve the quality of its services by implementing and advancing centralised strategies for Training & Development, lobbying and political strategy, and communication. All of this is, of course, in addition to the operational, financial and technical support that remains the foundation of CISAC's work.

OPENING OUTWARD

Of the utmost importance has been renewing CISAC's relationships with the creators that its members represent. A major part of this has been improving the channels of communication between CISAC and creators and integrating the creators' points of view into our actions. Furthermore, CISAC has revamped its corporate image and communications strategy in order to reinforce its visibility within the global copyright debate. Hence the new tagline: Serving Authors Worldwide.

CISAC has also pursued ongoing discussions and negotiations with industry heavyweights like Google, YouTube, and MySpace among others, in order to work through the challenges to copyright and licensing that they present. Meanwhile, following significant progress with CISAC's Common Information System (CIS) and other technological tools, the focus is now on encouraging widespread industry adoption of the work identifiers and information exchange protocol.

As we look back at 2006, we are also looking forward. As we reflect inward, we learn to turn our efforts outwards. However, our mission ultimately remains solid: to protect and promote creators worldwide by reinforcing the system of authors' societies that support them.

Eric Baptiste,
Director General of CISAC

STRENGTHENING, INNOVATING AND PROMOTING AUTHORS' RIGHTS

In 2006, faced with numerous challenges stemming from the rapid evolution of technology and new uses of creative works, CISAC worked tirelessly to promote the benefits of the system of collective management for creators, users and consumers alike.

In light of this mission, CISAC's actions in 2006 focused on:

- Creating and developing societies in all regions and for all repertoires;
- Lobbying to ensure legislative frameworks that allow authors' rights to flourish;
- Optimising the data exchange network between societies to promote efficiency and transparency in royalty collections and distribution;
- Developing strategies for emerging business models;
- Rallying creators to participate in the debates concerning their rights;
- Raising CISAC's profile as the international advocate for creators and the system of collective management.

STRENGTHEN

CISAC is committed to supporting, expanding and reinforcing the international network of authors' societies.

In 2006, CISAC expanded the network of authors' societies by inducting nine new provisional members and helping to establish new societies in Vietnam, Cape Verde and Argentina. Additionally, the establishment of the African Affairs Department in Johannesburg in January 2007 guaranteed a permanent presence in Africa that will bring CISAC closer to its African members and the issues they face.

The unified Training & Development strategy was officially launched in April 2006. Building on the already rich training activities provided by CISAC's regional departments, the T&D Action Plan was adopted by the Board in November 2006. Throughout the year, CISAC collaborated with member societies to develop training modules that respond to specific learning needs of societies based on their region and developmental level.

In addition, CISAC adopted a set of Professional Rules for musical societies in the spring of 2007 that aimed to reinforce transparent and efficient governance practices across the network.

Special attention was also given to developing standard practices for societies dealing with non-musical repertoires. The visual arts were advanced via numerous regional initiatives including a joint conference with EVA (European Visual Arts) for Central and Eastern European visual arts societies, developmental work in the Philippines and in Japan, and the continued progress of the Action Plan for Latin America. As for audiovisual works, the harmonisation of various information tools was undertaken in light of the widespread adoption of the ISAN identifier by the audiovisual industry.

Because the success of all developmental work depends on an external environment that is conducive to the development of collective management organisations, CISAC also devoted a great deal of energy in 2006 to policy issues. In addition to the numerous actions undertaken by CISAC's regional departments, a central lobbying and political strategy structure was developed over the course of 2006 and put into place officially in January 2007. CISAC especially made intensive efforts, often together with other sister organizations, to preserve private copying remuneration for creators across the globe and to alert Russian and world officials to the unlawful use of copyright works by Russian downloading site Allofmp3.

INNOVATE

CISAC is committed to helping its members adjust to the challenges and maximise the opportunities that have arisen in the digital era.

In order to keep abreast of all of the changes that technology is bringing about, CISAC created the Business Intelligence Group in 2006. This complements the activities of another think-tank, the Business Technology Group (established in 2005). Together, these two groups are looking at the technical and business implications of emerging business models. In 2006, DRM interoperability, a new architecture for ISWC-Net to encourage industry-wide adoption of the identifier, alternative licensing models, and an emerging business models study topped the two groups' list of priorities.

CISAC actively searched for ways to license new uses by participating in discussions with Google about their Book Search tool and, together with BIEM, initiating framework discussions with YouTube and MySpace. The goal is to encourage the conclusion of licensing agreements between CISAC's members and these services that symbolise the Web 2.0.

The CIS plan-CISAC's strategy for a worldwide framework for the digital management of rights-reached a major turning point in 2006. The main information exchange tool, CIS-Net, reached maturity. Work in 2006 and the first part of 2007 will culminate in a new version that will combine the FastTrack "GDDN" application and CIS-Net to create a single application to be called "CIS-Net powered by FastTrack".

The next step in the CIS plan is the widespread adoption of CIS identifiers by the creative and technology industries. A first step was to revamp ISWC-Net in order to include a central indexing tool that will clean up the network and ready it for widespread industry use.

Furthermore, CISAC's efforts in terms of DRM interoperability in 2006 were marked by the launch of Moebius, a cross-industry forum based on MPEG-21 aimed at reconciling the currently contradictory interests of the digital market. In addition, CISAC played a key role in the July publication of the Event Reporting standard, the central data exchange process in the MPEG-21 framework.

PROMOTE

CISAC is committed to protecting creators and their rights across the globe by serving as the international mouthpiece for creators and their system of collective management.

In January 2006, CISAC and 24 of its European members were confronted by a Statement of Objections issued by the European Commission. This followed on the heels of the October 2005 Commission Recommendation on online licensing and later projects within the European Commission that alluded to a possible phase-out of private copying remuneration for creators. These three events, which destabilised the notion of authors' rights and questioned the system of collective management, spurred CISAC to reinforce its role as the spokesperson of authors' rights and collective management.

CISAC also spoke up in favour of the UNESCO Convention on the diversity of cultural expressions, promoting the importance of national authors' societies and creators to the universal value of cultural diversity.

A chief aspect of these actions was the increased participation of creators, reflecting the success of CISAC's efforts to renew the International Councils of Creators and arrange ample opportunities for creators to speak out on policy issues. Of particular note was the mobilisation of creators from the International Council of Creators of Music (CIAM), who met with EU Commissioner Charlie McCreevy to express their concerns about the European initiatives. Furthermore, creators, including the BeeGees' Robin Gibb, stood beside CISAC and showed their support for the system of collective management by participating in the Statement of Objections oral hearing held in Brussels in June.

Finally, CISAC's ability to act as an effective spokesperson for the community of authors' societies is directly related to its visibility at an international level. In 2006, the new communication strategy focused on enhancing CISAC's corporate image with a new logo and tagline-“Serving Authors Worldwide”, boosting CISAC's press relations, and organising the inaugural Copyright Summit for May 2007. The Summit intends to embody CISAC's refreshed values and to strengthen the position of authors' societies in the global copyright debate.

Economic Report Preview

The second annual CISAC Economic Report presenting a global survey of CISAC member societies' collections will be published in September 2007.

A Few Key Figures for 2005

Global collections in 2005:
EUR 6,746,161,215 / US\$ 9,070,655,427

Trend from 2004 to 2005:
+3.8%

**Europe = 63% of all the royalties collected worldwide,
all repertoires included**

**Musical repertoire =
89% of authors' royalties collected worldwide**

CISAC's principal mission is to advance and defend creators by strengthening the network of copyright societies supporting them. This means giving societies the means to establish themselves and get past any roadblocks to their development in three distinct areas: technical support, internal skill building and creating an environment that allows authors' rights to flourish. With copyright legislation all over the world being re-examined through the lens of a digital revolution, a united front is crucial.

In 2006 CISAC focused on consolidating efforts within the CISAC community, through both defining a set of Professional Rules for uniform good governance practices and launching an unified Training and Development strategy.

CISAC introduced a central structure dedicated to lobbying and political strategy, and created an African Affairs Department in Johannesburg to reinforce CISAC's presence and open up the significant potential of this region.

LEGAL, FINANCIAL AND OPERATIONAL SUPPORT

In 2006, the assistance CISAC afforded to societies across the globe led to the induction of nine new provisional members, ensured the successful development of new societies in Vietnam, Cape Verde and Argentina, and laid groundwork for the establishment of societies in countries that currently have no authors' rights management structure in place.

CISAC also continued to develop regional networks that encourage sister societies to support each other, which is a key ingredient for a strong international network of copyright societies. Additionally, with the establishment of the African Affairs Department, CISAC now has a permanent presence in Africa that will bring CISAC closer to its African members and the issues they face.

FOR NEW SOCIETIES

One of CISAC's main missions is to support the development of new societies for underserved areas and repertoires. In 2006, nine new copyright societies joined CISAC as provisional members.

New CISAC Members in 2006

- o BSCAP (Belize)
- o CMC (Cameroon)
- o DAMA (Spain)
- o NICAUTOR (Nicaragua)
- o SACENC (New Caledonia/France)
- o SACIM (El Salvador)
- o SADIA (Angola)
- o SASUR (Suriname)
- o SETEM (Turkey)

Latin America is now almost entirely covered by the CISAC network, representing the significant progress that has been made in this region over the past several years.

In order for a society to be accepted as a CISAC member, it must first achieve a certain level of operations. Support during this early stage is critical and CISAC worked hard in 2006 to ensure the successful development of several societies including VCPMC (Vietnam), SOCA (Cape Verde) and DAC (Argentina). Through training, lobbying, surveillance of collections and distribution and rallying financial and administrative support from societies in the same region, CISAC helped these new societies to advance.

In countries that still have no official copyright society, CISAC's regional directors often initiate discussions with national and local authorities to lay the groundwork for one. In 2006 missions of this nature were led in Pakistan, Macao, Bhutan, Nepal, Ethiopia and Zanzibar.

SUCCESS STORIES

FILSCAP (Philippines): CISAC's assistance in training personnel and negotiating licensing deals with television broadcasters has made it possible to envision a complete withdrawal of CISAC aid by the end of 2007. FILSCAP also shed its provisional member status and became a regular member of CISAC in March 2007.

VCPMC (Vietnam): Following a cooperation agreement signed in November 2005 between CISAC and VCPMC, CISAC provided assistance with training, auditing of accounts, licensing major users and setting up business strategies. As a result gross revenues grew by 50% in 2006 and the society has applied to become a provisional CISAC member.

SOMAS (Mozambique): CISAC's support in strategic planning and staff orientation led to the creation of a formal tariff structure for public performance. As a result, significant progress has been registered. Public performance tariffs for nearly 75% of possible market uses have been put into practice, including appropriate standard licence agreements.

FOR MEMBER SOCIETIES

CISAC's commitment to a society's development does not wane once that society becomes a member. Through CISAC's four regional departments in Africa (Johannesburg), Asia Pacific (Singapore), Eastern and Central Europe (Budapest) and Latin America (Buenos Aires), the Confederation keeps in close contact with all members in order to be able to quickly identify and respond to difficult situations in an appropriate way-whether through financial, legal, technical or administrative support.

CISAC's Solidarity Fund has traditionally provided financial backing to societies with specific equipment needs. In 2006, use of the Solidarity Fund was modified to include operational expenses. Beneficiaries of the fund this year were all located in Latin America, notably in Central America, which reflects CISAC's commitment to ensuring the development of a stable network of societies in this part of the world.

FOCUS ON CENTRAL AMERICA

Through a program initiated by WIPO with CISAC and SGAE three years ago, many actions were taken in 2006:

- o to coordinate and automate society operations with the Sistema de Gestión de Sociedades (SGS), implemented with the help of SGAE;
- o to document and develop local repertoires;
- o to train society staff members; and
- o to raise awareness about authors' and related rights among authors and users.

The development of an efficient system of collective management for the eight societies in the region still needs a lot of work and the participation of CISAC and SGAE will continue to be an essential source of support. At the June 2006 meeting, the CISAC General Assembly admitted three new Central American societies as provisional members-BSCAP (Belize), NICAUTOR (Nicaragua) and SACIM (El Salvador).

As this implies, CISAC is not only involved in the development of individual societies but also contributes to the development of regional networks. In Benin, a two-day workshop was hosted by the CISAC African Committee chair Samuel Ahokpa in February 2007 in order to analyse and propose possible solutions to the difficulties being experienced by the West African Network Working Group. This group was founded in 2003 to encourage societies in this region to work together on common interests such as piracy, standardisation of distribution rules and processes, the possible creation of a regional database and the CIS Plan. This meeting led to the rebirth of the “West African Network” in Dakar in March 2007.

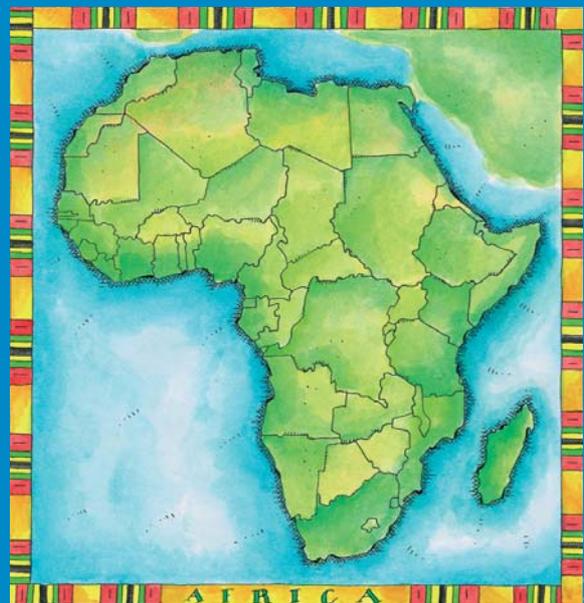
For the South Eastern Europe Music Societies working group, there were several meetings and workshops throughout 2006, centred on IT development and mastery of CIS tools.

FOCUS ON AFRICA

While Africa still only represents 0.4% of the royalties collected by CISAC's member societies worldwide, the prospects for future growth are strong. Notably there was an 18% increase in royalties collected between 2002 and 2004 (the highest of any region), a 5.5% increase in GDP among African nations over the past two years, rapid changes in the broadcasting landscape, and increased tourism multiplying the opportunities for live performances.

For this reason, CISAC created the African Affairs Department and appointed Rob Hooijer, former CEO of the South African society SAMRO, as the Director of African Affairs in January 2007.

The focus of the African Affairs Department will be to build on the excellent work that was achieved by David Uwemedimo, CISAC's current Director of Legal, Political and Strategic Affairs who also headed African Affairs to the end of 2006, and CISAC's flagship development program for Africa, the Partnership for Progress (P4P).



SKILL BUILDING

CISAC continued to reinforce the internal functioning of authors' societies in 2006 by launching an integrated Training and Development strategy within the CISAC Secretariat, finalising Professional Rules to ensure optimal governance in member societies, and taking numerous actions to boost efficient management of authors' rights in all repertoires and on all continents.

TRAINING & DEVELOPMENT

In 2006, CISAC organised training sessions across the globe to address diverse topics related to the central principles of collective management including documentation, distribution, information exchange, management and copyright law.

With the appointment of Odile Meunier-Hourtané as CISAC's Training and Development Director, the strategy for a unified Training and Development (T&D) plan began to take shape.

T&D CONCEPTS

- 1 - Efficiency:** The emphasis needs to be on continuous training rather than isolated sessions.
- 2 - Adaptability:** The standardised training modules must be adapted to the specificities of each society, taking into account local conditions and especially the individual development level of each society.
- 3 - Continuity:** It is important to train more than one person from a given society, particularly for more technical skills, in order to ensure that one person's departure does not cripple a society's ability to carry out certain tasks.

The objective is to build on the rich training activities that CISAC already provides to its members in order to encourage the long-term development of societies and the network that links them. The Action Plan, adopted by the Board of Directors in November 2006, consists of three major phases: Preparation, Evaluation and Sharing, with 2006 dedicated primarily to the first one-preparation.

Over the course of the year, a rigorous assessment phase identified the specific needs of societies based on regional context, repertoire specificities and their development levels. This phase-carried out between the T&D Department, Regional Departments and the societies themselves-resulted in the creation of a comprehensive training package including presentations, instructor guides and evaluation procedures that can be easily customised to a society's specific training needs, development level and region.

In 2006, CISAC finalised two training modules (“The International Legal Framework” and “Introduction to the Collective Management of Copyright”) and created an online repository for trainers.

Modules currently in development will address diverse aspects of documentation, distribution and membership. In addition, the establishment of evaluation procedures will be on the menu for 2007.



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GOVERNANCE

At a time when societies are being subjected to increasing scrutiny by policymakers, users and their own members, their professionalism must be transparent and of the highest standard. To that end, CISAC drafted a set of Professional Rules that define the role, obligations and practices of CISAC members who manage musical rights.

Developed throughout 2006 and adopted by the Board of Directors in March 2007, the Professional Rules promote fair and non-discriminatory systems, cost efficiency, increased productivity and general professionalism for all CISAC Members.

OBJECTIVE: STRONG GOVERNANCE FOR ALL

- o Adoption of CISAC Professional Rules (March 2007)
- o African Committee Study Days on Leadership Development in Algiers (November 2006)
- o Corporate Governance Seminar for societies in the West Indies, Suriname and Belize in Barbados (November 2006)
- o Draft of accreditation document for African societies in the context of the Partnership for Progress programme and the selection of four “test” societies to measure the document's utility (November 2006)

SUPPORTING ALL REPERTOIRES

Because it is not only composers and lyricists, but also filmmakers, screenwriters, visual artists, writers and playwrights who shape the creative world in which we live, CISAC made it a point in 2006 to boost its efforts concerning the audio-visual, literary and visual arts repertoires. For this reason, overarching projects such as the Professional Rules and Training & Development were designed with enough flexibility to respond to the particular needs of all repertoires.

FOCUS ON THE VISUAL ARTS

CISAC joined forces with EVA (European Visual Art) for a conference in Budapest, welcoming representatives from 21 Central and Eastern European societies to talk about the particular issues on the management of the visual arts repertoire in the region. Also in Europe, a fact-finding mission was sent to the Czech Republic in order to devise strategies for the visual arts in these countries.

The multi-year working plan for the development of visual arts in Latin America, that was adopted by CISAC's International Council of Creators of Graphic, Plastic and Photographic Arts (CIAGP) in 2005, focused this year on expanding ADAVIS to administer the rights of foreign artists in Cuba and law enforcement issues in Mexico.

Across the globe, the Director of Asia-Pacific Affairs worked closely with local authorities and societies in Japan and the Philippines in order to implement structures for the collective management of visual art works.



EVA Secretary General Carola Streul reported on EU Policy Issues at the Joint CISAC-EVA Conference, including harmonization of resale rights

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In addition to the development of audiovisual tools including the AVIndex and IDA databases and the ISAN identifier (see “INNOVATE”), CISAC placed particular emphasis on the growing Latin American film industry in 2006. Specific actions taken by the Latin American Affairs Department included training with the Federation of Latin American Audiovisual Writers and Directors in Mexico and Peru, the analysis of rights for directors in audiovisual works according to national legislation in Brazil, and a general assessment of the legal and economic status of Latin American audiovisual creators.

Finally, ALCS, a working group focussing on dramatic and literary rights to be led by Owen Atkinson, held its first meeting in November 2006. The creation of this group, which aims to facilitate the exchange of information between literary societies on all matters relating to the administration of rights of literary works and to develop common tools, established literary rights as a CISAC priority for 2007.

FOSTERING A CONDUCIVE ENVIRONMENT

Providing training and support to societies can only have a positive effect if the external environment recognises authors' rights and has appropriate policies on collective management. With the creation of a central lobbying function within the CISAC secretariat, as well as the numerous lobbying initiatives and awareness raising campaigns led by CISAC's regional directors, CISAC's activities in this respect were on the rise in 2006.

LOBBYING

With increasing upheaval in copyright legislation throughout the world and many policymakers questioning its relevance in the digital economy, CISAC's advocacy efforts in the political arena increased significantly in 2006.

PRIVATE COPYING REMUNERATION IS VITAL FOR CREATORS

This phrase became a rallying cry for CISAC in 2006 following the European Commission's allusion to the possible phasing out of private copying remuneration schemes in the EU. As the threat grew over the year, so did CISAC's pressure on the Commission to recognise the consequences such a measure would have on creators.

In February, a group of creators, spearheaded by CISAC's International Council of Music Creators (CIAM) and its chair Pia Raug, met with Commissioner Charlie McCreevy to express their concerns. Later in the year, as the debate reached fever pitch, CISAC joined forces with over a dozen other organisations representing the creative community under the aegis of the “Culture First!” Coalition. Intensive advocacy and numerous lobbying initiatives led to the withdrawal of the recommendation proposal at the end of December. In this field, CISAC has often partnered with BIEM, and has also been very active in support of its members in numerous countries around the world.

CISAC's Regional Directors, as in previous years, worked vigorously to ensure that changes in legislation did not undermine creators' rights to control the use of their works and receive adequate compensation for these uses. In 2006, CISAC held discussions with copyright authorities in numerous countries including Bhutan, Bosnia-Herzegovina, Bulgaria, China, Chinese Taipei, Ecuador, El Salvador, Ghana, Guatemala, Indonesia, Kenya, Macedonia, Pakistan, the Philippines, Romania, Singapore, Spain, Tanzania, Thailand, Ukraine and Vietnam.

Of particular note, CISAC urged Spanish lawmakers to reject amendments to an intellectual property law that presented multiple threats to the Spanish creative community. Furthermore, due mainly to the efforts of CISAC and BIEM, the EU Commission officially recognised the unsolved problems with the Bulgarian cable operators for the first time. This conflict is due to current Bulgarian copyright legislation and required a proper action from the Bulgarian authorities. In addition, at CISAC's invitation, Nicholas Motsatse, then Deputy CEO of SAMRO and currently SAMRO's CEO and a member of the CISAC Board of Directors, participated in a WIPO seminar in Geneva where he spoke about the importance of solid Intellectual Property (IP) systems for the growth of developing countries.

BLOWING THE WHISTLE ON ALLOFMP3

CISAC spoke out forcefully against the Russian music downloading site AllofMP3, joining a chorus of content industry bodies that deemed the site's practices to be in breach of intellectual property laws. CISAC reminded Russian authorities that the licences obtained by AllofMP3 from ROMS, expelled from CISAC in 2004, were not valid at least as far as international repertoire was concerned, and that AllofMP3 was making copyright works available to the public without the requisite permission. A Danish court ordered a national Internet provider to block subscribers' access to the site while Visa and MasterCard pulled their services in October. As of February, three cases against AllofMP3 were being pursued in Russian courts.

Finally, the development of an official structure within the CISAC Secretariat dedicated to a global lobbying strategy in 2006 marked a major turning point in CISAC's approach. David Uwemedimo, who coordinated both African Affairs and Legal Affairs out of the Paris office for the past six years, has now headed this structure as the Director of Legal, Political and Strategic Affairs since January 2007. In coordination with CISAC's Communications Department and the Regional Directors, Mr. Uwemedimo will help CISAC take a leading role in the defence and promotion of the international creative community's copyright interests.

RAISING AWARENESS

Even with adequate legislation in place, a copyright society can only carry out its basic duties if the major copyright users understand and follow the laws and if these laws are properly enforced by local authorities. For this reason, CISAC organises and participates in numerous training programs and seminars for judges and users (most notably broadcasters) on copyright, authors' rights and licensing.

Much of this work is done in collaboration with other international or local intellectual property organisations. For example, in 2006 CISAC co-organised a colloquium for judges from Brunei, Pakistan, Thailand, Indonesia, Malaysia and Sri Lanka on the collective management of rights with WIPO (the UN's World Intellectual Property Organisation). Similar events were organised with WIPO in Argentina, Colombia, and, for the first time ever, Moldova.

POWER IN NUMBERS: 2006 PARTNERSHIPS

CISAC often joins with organisations who share our values in order to maximise the impact of our efforts for both societies and authors. These are just a few examples of partnerships that took place in 2006



BIEM

- o Seminars on Mechanical Rights in Budapest and Manila
- o Policy Lobbying in Bulgaria, Romania and Ukraine
- o Initiated a dialogue with web 2.0 services YouTube and MySpace in order to establish future licensing solutions with societies and the back payment of royalties for past unauthorised uses of copyright works

Culture First! Coalition

- o CISAC joined this Coalition of 15 organisations as part of an ongoing collaboration with GESAC dedicated to finding the best model for online cross-border licensing further to the October 2005 EU Recommendation
- o Press Conference in Brussels that invited authors to speak out against the proposed phasing out of private copying remuneration in the EU



EVA

- o Joint Conference for Central and Eastern European societies in Budapest to discuss regional issues related to the management of visual arts rights
- o fact-finding mission on the management of visual arts rights in the Czech Republic (May 2006)



GESAC

- o CISAC joined forces with GESAC and ICMP/CIEM to reverse the recently amended Copyright Law in the Czech Republic that contains an exception allowing hotel guests to listen to music and view films in hotel rooms even though the hotel is not required to compensate creators or publishers
- o Prior to the creation of the Culture First! Coalition, CISAC and GESAC gathered data and took action in order to counter the claims of industrial lobbyists concerning private copying remuneration in Europe
- o CISAC also collaborated with GESAC (and BIEM) in the context of a working group to find the best model for online cross-border licensing following the October 2005 EU Recommendation



IFRRO

- o IFRRO joined CISAC's working group dedicated to the literary works identifier, ISTC



WIPO

- o Seminars, training and legal missions across the world

BROADCASTING RIGHTS: A WORLDWIDE CHALLENGE

For as long as there has been radio and television, broadcasting rights and licenses have been a thorny issue for collective management societies. With the current upheaval to the system that has been introduced by new delivery methods from cable and satellite to IPTV and the mobile Internet and a push for cross-border broadcasting, CISAC is constantly monitoring the situation in all countries. In 2006, broadcasting issues were present in all regions.

In Tanzania, the CISAC affiliate COSOTA has been struggling to license broadcasters for over a year, following the deregulation of the broadcasting industry. CISAC's African Affairs Department, in collaboration with WIPO, therefore scheduled a seminar for the broadcasting community in December 2006 to provide them with an understanding of the constituent parts of copyright and neighbouring rights, and the roles of the various institutions representing rights holders in films, musical works, sound recordings and broadcasts.

CISAC continued to work with Australian, US and EU officials in Beijing to pressure the Chinese authorities to enforce the payment of royalties by the broadcasters. In 2006, the EU authorities began to take a much more active role in this matter and the Asia-Pacific Affairs Department will continue to work with the relevant embassies to keep up the pressure. As a complement to the lobbying activities, CISAC will also focus on developing the CISAC affiliate in China, MCSC, in order to facilitate the collection and distribution processes for broadcasting royalties.

In anticipation of Bulgaria and Romania's EU membership (effective January 1, 2007), BIEM and CISAC continued to monitor the copyright situation in these two countries closely. The objective was to secure a proper level of copyright compliance and collective management. Due mainly to the efforts of CISAC and BIEM, in its October 2006 pre-accession monitoring report, the EU Commission mentioned expressly for the first time the unsolved problem with Bulgarian cable operators requiring proper action from the Bulgarian authorities. In cooperation with other umbrella organisations, CISAC sought the intervention of the EU Commission regarding the exclusion of the so called "must carry channels" from copyright payments in cases of cable retransmission in both Bulgaria and Romania.

In addition, the meetings of the Asia-Pacific Committee (Nara, October 2006), the Radio and Television Broadcasting Technical Committee (Nara, October 2006) and the Ibero-American Committee (San Jose, July 2006) encouraged participants to exchange ideas on new technologies and licensing frameworks that facilitate the collection and distribution of broadcast royalties.

BROADCASTING SEMINAR IN MOLDOVA

In November 2006, CISAC and WIPO organised their first ever sub-regional seminar in Chisinau (Moldova) on copyright and broadcasting. The seminar focused on copyright and broadcasting and followed the model of similar events held in Moscow (2004) and Tbilisi (2005). The main goal of the seminar was to improve relations between collective management organisations and broadcasters and cable operators in the Republic of Moldova.

On the international front, CISAC was a sought-after voice at a May meeting in Geneva concerning the WIPO Treaty on the Protection of Broadcasting Organisations. CISAC's interest in the treaty is to ensure that all new intellectual property regimes are compatible with the licensing frameworks between traditional broadcasters and collective management organisations.

CISAC is committed to helping its members adjust to the challenges and maximise the opportunities that have arisen in the digital era.

By 2010, the world entertainment market is expected to reach US\$1.8 trillion, with the mobile phone market tripling, significant growth expected in Internet advertising revenue and the extension of the cable industry into new technologies. (Source: PriceWaterhouseCooper report)

In addition, the latest generation of mobile technology (phones, PDAs, portable media players) has moved beyond ring tones and music downloads to include high-quality television, film and game services allowing consumers to decide when, where and how they choose to watch, listen or play.

In 2006, CISAC tackled these predicted changes head on by analysing their potential impact on copyright and the system of collective management, and by proposing business solutions for authors' societies. CISAC also continued to develop the technology necessary to ensure seamless information exchange both within the network of collective management societies and between societies and the outside world.

EMERGING BUSINESS MODELS

As the evolution of content delivery methods continues to develop at an exponential rate, it has become ever more important for authors' societies to stay ahead of trends and implement forward-looking business practices that continue to protect the rights of their author members. In 2006, CISAC multiplied its business intelligence efforts and addressed issues related to alternative licensing (Creative Commons), new web services such as MySpace and YouTube and mobile technology.

ANALYSIS OF MARKET DEVELOPMENTS

Throughout 2006, CISAC continued to develop a business intelligence strategy to help its member societies deal with current and future business scenarios. Key to this strategy is the Business Technology Group (BTG) attached to the CIS Supervisory Board (CSB) that was established in May 2005. As a complement to the BTG, the Business Intelligence Group (BIG), a CEO-level, free-thinking forum to explore strategies on business- and technology-related issues directly affecting Societies businesses, was created in May 2006 by the CISAC Board of Directors.

The two groups interface with each other frequently to identify and analyse business threats and opportunities pertaining to CIS tools and standards. In addition, the BIG, which met for the first time in July 2006, focuses on relations with current and potential business and commercial partners.

BUSINESS INTELLIGENCE PRIORITIES FOR 2006

- o **Promoting DRM Interoperability:** CISAC finalised the technical architecture for Moebius, a cross-industry forum that uses the MPEG-21 multimedia framework and began to rally support among industry partners (ex. Microsoft, Apple).
- o **Re-examining ISWC-Net:** CISAC decided to implement a common indexing tool to optimise use of the ISWC identifier and promote its widespread adoption throughout the industry.
- o **“Alternative” licensing models:** CISAC examined flaws in these schemes but also looked for ways in which Creative Commons licenses and collective management could be made compatible.
- o **Emerging Business Models Study:** The CISAC Board of Directors asked the BTG to initiate an in-depth study of all emerging business models, for example Virtual Space rental or advertising based models. The study's methodology was approved by the Board in March 2007.

The series of informal discussions between CISAC (BTG and Director of Legal Affairs) and Creative Commons, initiated in 2005, continued through 2006. Creative Commons licenses are currently incompatible with any form of collective management membership. For this reason, Creative Commons approached CISAC to evaluate the conditions necessary for the implementation of an alternative licensing scheme based on Creative Commons within the framework of authors' societies. These direct dialogues have been an opportunity for CISAC to point out and correct the various difficulties that these licenses present for creators.

As a testament to this working relationship, Creative Commons representatives gave a presentation at the annual meeting of CISAC's Legal Committee (Vancouver, June 2006) and of the International Council of Dramatic, Literary and Audiovisual Creators (CIADLV - Lisbon, April 2006). In addition, the founder of Creative Commons, Lawrence Lessig, accepted an invitation to speak at CISAC's inaugural Copyright Summit (May 30-31, 2007, Brussels).

LICENSING SOLUTIONS FOR NEW USES

The meteoric rise of social networking sites, “user-generated” content and other Web 2.0 services has given rise to considerable challenges for collective management societies. A principal concern for CISAC in 2006 was therefore facilitating licensing solutions for new uses of content.

The acquisition of the video-sharing site YouTube by Google in October 2006 for \$1.6 billion raised many questions about the lawfulness of the site's model. Many rights holders demanded that YouTube remove their copyrighted content from the site, including CISAC's Japanese member JASRAC that had nearly 30,000 files removed in December 2006.



© Getty Images

In February 2007, CISAC and BIEM sent letters to YouTube and the premier social networking site MySpace, inviting them to the table to discuss the conclusion of licence agreements with copyright societies and payment of royalties for the past unauthorised use of copyright works.

Because removing works from these admittedly innovative services does not represent the best long-term solution for either rights holders or the services, BIEM and CISAC are pushing for licence agreements that recognise the copyright owner's right to adequate remuneration for the use of their works on these sites and the need to take into account moral rights.

Also in 2006, CISAC pursued informal discussions with Google concerning Google Book Search. This tool, still in the beta stage, allows Internet users to search the full contents of over a hundred thousand titles indexed in their digital database. It has raised numerous copyright issues among literary right holders.

Finally, the October meeting of the Radio and Television Broadcasting Technical Committee (CT-RTV) in Nara, Japan, placed a special emphasis on the licensing frameworks for mobile and online uses such as mobile Internet, “user-generated” content, Google services, Video On Demand (VOD), Internet Protocol Television (IPTV) and business models based on triple or quadruple offers.

FOCUS ON BROADCASTING IN ASIA

The most rapid changes in broadcasting and Internet services are currently taking place in the Asia-Pacific region, with Japan representing one of the region's largest media markets and Korea being one of the leaders in innovative mobile telephone services. However, figures across the region reveal difficulties in royalty collection stemming from problems with major broadcasting entities, the illegality of cable services in some countries and the absence of collective management organisations in certain territories. Therefore, fostering cooperation between existing societies and the creation of new societies in underserved countries, both priorities of CISAC's Asia-Pacific Affairs Department, is essential in order to tap the region's large potential for increased remunerations.

CIS-NET REACHES MATURITY

CIS-Net was launched in 2004 in order to allow members to optimise the management of their repertoire through the system of reciprocal representation. In 2006, CISAC made significant strides towards realising this vision, by adapting it to emerging licensing frameworks and encouraging the use of the CIS tool and identifiers within the network of societies. CISAC also targeted industry adoption of ISWC-Net as the next step towards an effective and efficient international intellectual property system.

CONTINUED EVOLUTION OF CIS-NET

In March 2006 a new version of CIS-Net was launched, including the following new functionalities:

- **Combined View:** combines database research results on one screen
- **Request Tracking Facility:** creates packages of works to be downloaded
- **Online Downloading** to a computer or uploading to the FTP site of a society in both CWR and CISML formats



THE CIS NETWORK IN FIGURES:

89 societies are using CIS-Net, where the repertoires of 47 societies are available (from the WID, LatinNet, DIVA and FastTrack). The WID itself contains 7 million musical works from the repertoire of 21 Societies, out of millions of works that can be found on CIS-Net.

The next release of the CIS-Net application is scheduled to take place in July 2007.

The most striking element of this release will be the merging of the FastTrack “GDDN” application and CIS-Net. As of July, there will only be “CIS-Net powered by Fast Track”. This will answer the need for streamlined operations and the elimination of duplicate efforts.

Another major advance in the new version will be the integration of the Agreements and Territorial Information, which were finalised over the course of 2006 and approved by the CIS Supervisory Board (CSB) in the first part of 2007. The Agreements and Territorial Information will allow users to access metadata related to publishing agreements and the calculation of distribution in local territories. This new functionality represents a major turning point in the CIS plan by calling for a standard description for the circulation of information on general agreements between societies.

Furthermore, progress was made regarding the number of databases connected to CIS-Net. ECADnet, the documentation database for ECAD which represents 10 Brazilian music associations, connected to CIS-Net (via ISWC-Net) in September. After resolving several technical issues, the integration of DIVA, the documentation database for CASH (Hong Kong), MUST (Taiwan) and MCSC (China), is imminent.

CIS TRAINING FOR SOCIETIES

The success of CIS-Net depends not only on integrating a critical mass of documentation databases and improving the user interface, but also on ensuring that CISAC's member societies have the skills and knowledge to be able to use it properly.

In 2006, training on CIS-Net applications concentrated mostly on societies from the former Soviet Republics and the countries of south-eastern Europe. The emphasis in 2007 will be on training African societies.

CIS TRAINING IN EASTERN EUROPE AND CENTRAL ASIA

Joint WIPO/CISAC training on CIS tools & AFRICOS

Bishkek (Kyrgyzstan), April 10-14

Participating Societies: KAZAK (Kazakhstan), ASDAC (Moldova), Kyrgyzpatent (Kyrgyzstan) and the Uzbek Republican Copyright Agency (Uzbekistan)

Moscow, October 6-10

Participating Societies: ARMAUTHOR (Armenia), BELAT (Belarus), SAS (Georgia) and UACRR (Ukraine)

Follow-up sessions in both Bishkek and Moscow with the same societies may be held in 2007.

CISAC training on WID and IPI applications

Sofia (Bulgaria), November 22 (co-organised with SUIISA, hosted by MUSICAUTOR)

Participating Societies: Those belonging to the South East European Music Societies Working Group (SEEMS) which comprises societies from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Macedonia, Montenegro, Romania, Serbia, Slovenia and Turkey.

Moreover, a main priority of the newly created Training & Development strategy is the uptake and mastery of CIS tools. The modules on Documentation and Distribution that are currently being developed by the Training & Development Department should streamline CIS training by providing modules that can be customised to both the region and the level of development within the society and by providing sufficient follow-up.

Finally, the Standards & Rules mini-site was launched in April 2006. This repository is intended to facilitate access to CISAC reference documents, including CIS Standards, documentation practices and distribution rules.

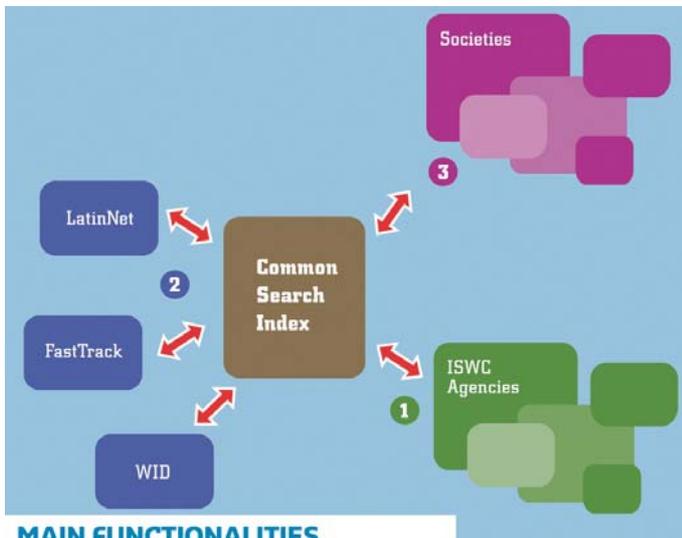
ISWC-NET: PREPARATIONS FOR INDUSTRY ADOPTION



THE INTERNATIONAL STANDARD MUSICAL WORK CODE IN FIGURES:

49 ISWC Registration Agencies (RA) worldwide
 37 Registration agencies connected to ISWC-Net
 13 million+ ISWCs available on ISWC-Net.

CISAC gave a great deal of thought in 2006 on how to clean up ISWC-Net and ready it for uptake by the industry. Of primary importance was the creation of a detailed development plan that aimed to optimise the assignment of ISWCs for mixed works and the identification and elimination of duplicates on ISWC-Net. At the 9th CIS Sessions, held in Santo Domingo in February 2007, the CSB approved the proposal to integrate a centralised indexing tool in order to rationalise the management of ISWCs.



MAIN FUNCTIONALITIES

- 1 – Attribution: ISWC Agencies assign ISWCs to musical works. The Common Search Index offers the possibility to attribute ISWCs automatically on behalf of the Agencies.
- 2 – Consolidation: The Common Search Index acts like a search engine, drawing ISWC metadata from the ISWC Agencies connected to ISWC-Net. The Index can also automatically identify and eliminate duplicate ISWCs.
- 3 – Access to Data: Societies can either retrieve data from the Common Search Index by entering a work’s ISWC or by entering related data.

The Common Search Index, as this tool is technically referred to, will contain all of the ISWCs allocated by the ISWC agencies. The Index will function similarly to a search engine and draw data from all of the connected databases. It will provide authors' societies with a centralised search tool by which they can either retrieve data by entering a work's ISWC or obtain the ISWC by entering partial or complete data.

By automating the identification and elimination of duplicate works within ISWC-Net, this tool will significantly reduce clutter on the network, thereby improving accuracy. It also responds to market conditions in which the steady growth of usage reports generated by online sales has further required the full automation of the identification of musical works.

It will also have a positive impact on the assignment of ISWCs by ISWC agencies. Local and regional agencies will be able to use the Index to assign ISWCs, meaning that the ISWC International Agency will eventually be able to discontinue the current system of designating blocks of numbers.

ISWC-Net's new Index-integrated architecture should be operational by October 2007, followed by a period of data assimilation into the central data-

base. In addition, following a recommendation made by the BTG, all direct business partners, such as publishers and licensees, will be approached in order to integrate ISWC identifiers within their sound recording metadata. Once this first phase is under way, all commercial partners (ex. Digital Service Providers, GraceNote etc.) will be then be approached.

PROMOTING DOCUMENTATION, DISTRIBUTION AND INTEROPERABILITY

With CIS-Net reaching maturity, CISAC has begun to focus on how to encourage the widespread adoption of standard identifiers by the creative and technology industries. In addition to the optimisation of ISWC-Net, a major part of achieving this involves expanding the documentation and identification of works for the audiovisual, literary and visual arts repertoires. Interoperability between all of these identifiers is the final step to ensuring smooth data exchange between societies and the industry. In 2006, CISAC made important progress in all of these areas.

EFFECTIVE WORKS IDENTIFIERS FOR ALL REPERTOIRES

Audiovisual Works: Throughout 2006, ISAN, the International Standard Audiovisual Number, continued its impressive rise as the premier standard for audiovisual works for the entire cultural industry. In 2006, its penetration level approached critical mass with over 370,000 ISAN assigned. The number of appointed Registration Agencies rose from five in 2005 to 13 in 2006. New agencies include Microsoft (USA), ARIBSAN (Spain & Latin America), ISAN NL (Netherlands), IFTA ISAN RA (USA), ISAN UK (UK), ISAN Sverige (Sweden), ISN PL (Poland) and ABRISAN (Brazil). Designed by authors and producers, ISAN rationalises, simplifies and increases the reliability of interactions among all parties: creators, broadcasters, content and audiovisual service providers, rights management societies and consumers.



THE INTERNATIONAL STANDARD AUDIOVISUAL NUMBER IN FIGURES:

13 ISAN Registration Agencies Worldwide
More than 500,000 ISANs now in circulation
www.isan.org

Another notable event in 2006 was the expansion of ISAN to cover video games via the “ISAN Video Games Schema” launched in April. In the first part of 2007, ISAN-IA licensed Microsoft's new High Capacity Color Barcode (HCCB) technology developed by Microsoft Research to assist in the identification of commercial audiovisual works such as motion pictures, video games, broadcasts, digital video recordings and other media. Additionally, through the use of the HCCB, ISAN was able to be incorporated into both the HD DVD and Blu-ray optical disc formats.

Recognising that interoperability is the key to ISAN's success, the ISAN International Agency has worked to guarantee interoperability with other identification standards (like ISWC for music). The goal is to be able to identify the various components of an audiovisual work by the metadata linked to the assigned ISAN.

In addition to ISAN, the International Documentation database for Audiovisual works (IDA) was publicly demonstrated for the first time at the 9th CIS Sessions in February 2007. Under CISAC management since September 2005, IDA is being transformed into an effective way to handle documentation and communication between audiovisual societies. Keeping with the theme of interoperability, the new version that was demonstrated in February will allow for IDA works to be matched against the ISAN database.



Finally, the CISAC Audiovisual Strategy Group (AVS), dedicated to developing a coherent strategy for the audiovisual repertoire within the CIS Plan, carried out a survey of audiovisual societies and determined that a common model for the exchange of works-related information was a main priority for these societies. As a result of this observation, AVS opened discussions with the AVIndex and IDA Management Committees at the 9th CIS Sessions in February 2007 on a future strategy for the consolidation of data between IDA, AVIndex and ISAN.



Literary and Dramatic Works: In 2006, IFRRO joined the consortium dedicated to developing the International Standard Text Code (ISTC), which already included CISAC, RR Bowker and Nielsen Book Data. The group met in September 2006 to review ISTC procedures and discuss ways to eliminate the ambiguities that have been an obstacle to the literary work identifier's widespread adoption. Two objectives were established:

- 1/ the definition of a Common Data model for future ISTC agencies, based on functional specifications of the ISTC system
- 2/ the definition of business cases by sector to analyse and fine-tune ISTC's functionality (expected to be completed in the first half of 2007).

Beyond Genres - ISPI: With major identifiers for most creative genres already in place, CISAC continued to take a leading role in the development of the International Standard Party Identifier (ISPI), which is a key to ensuring effective documentation across repertoires and for all parties in the production chain. ISPI will provide an efficient means of identifying parties in databases and other sources as well as support the exchange of information between collective management societies and external partners (performer organisations, national libraries, bibliographic agencies or books publishers) for all repertoires, including the visual arts. In February 2006, the process to initiate its formal definition was approved by the International Organization for Standardization (ISO) and the first meeting of the ISO ISPI working group took place in June at CISAC's Paris offices.

This shows the commitment shown by ISO to interoperability between all ISO identification standards. As an active player in the development of existing (ISWC, ISAN & ISTC) and future (ISPI) standards, CISAC will again be an important partner in this process. An official ISO TC46 Working Group, in which CISAC participates, was created to deal with this matter.

OPTIMISATION OF DISTRIBUTION METHODS

In addition, 2006 was a significant year for the standardisation of distribution practices between societies. The Distribution Technical Committee (CT-R) agreed on a new version of the distribution methods questionnaires database that is currently used by musical societies to share information on their respective distribution methods and to make their latest financial distribution details available to each other. The new interactive database will feature both a normative part for the distribution methods of societies and a dynamic part for up-to-date economic data.

The goal is to include the most sought-after information in the database in order to reduce the exchange of “hard” questionnaires. The Committee also agreed that the same approach could be applied to audiovisual societies and created an ad hoc working group to address the specifics of such a project.

Finally, the Common Royalty Distribution Format is nearly ready to be launched. An official working group was created in the context of CIS in February 2006 to ensure the compliance of the format with CIS Standards and manage its deployment among CISAC members. Its first meeting was held at the CIS Sessions in September 2006. The Distribution Technical Committee remained responsible for content specifications. The format (CRD v1.0, 2nd rev.) was then approved by the CSB in February 2007 and is set to be sent to all of CISAC's member societies accompanied by sample CRD files.

INTEROPERABLE SOLUTIONS FOR THE DIGITAL WORLD

Interoperability is not only a key to the efficient distribution of royalties by societies, but essential to ensuring an intellectual property system for the digital world that responds equally to the needs of consumers, rights holders and digital service providers. In 2006, CISAC spearheaded two substantial projects that contribute to open, interoperable systems for the exchange of information throughout the entire supply chain of the online entertainment industry: the interoperable DRM called Moebius and the definition of the Event Reporting standard within the MPEG-21 framework.



Moebius: In the field of digital rights management, DRM systems are currently not interoperable. DRM systems lock consumers into a proprietary system forcing them into purchasing only content that is compatible with their player.

Because this situation is an impediment to the further growth of the legal download market, CISAC launched Moebius in March 2006. Moebius is a cross-industry forum aimed at reconciling the currently contradictory interests of the digital market.

Through this forum, CISAC is promoting DRM interoperability using the MPEG-21 multimedia framework. Moebius will encourage key industry players to devise and implement turnkey DRM technology that would satisfy the needs of consumers, creators, retailers and tech makers alike.

The first priority of the Moebius project was to define the technical specifications allowing the export/import functions between all existing DRMs and MPEG-21. This was accomplished over the course of 2006.

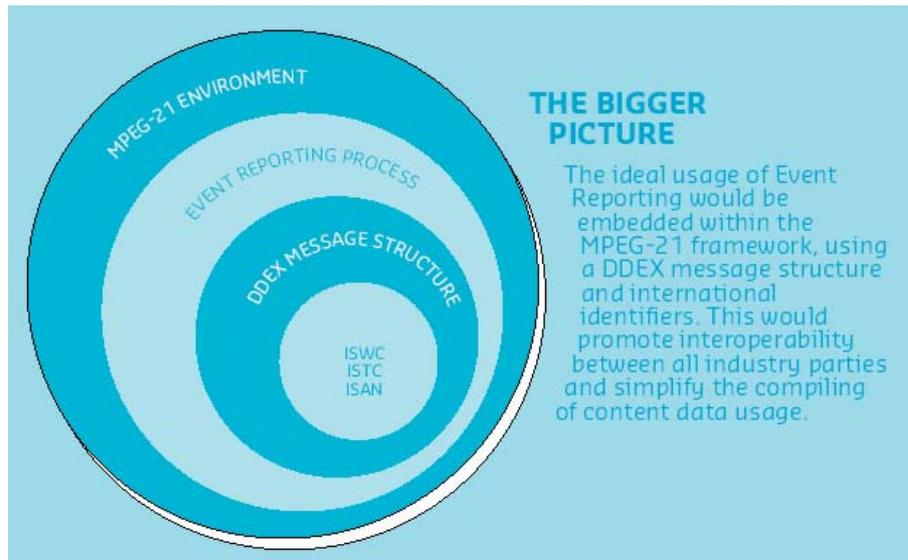
The second priority will be to make this specification available to all parties using proprietary DRM systems and to support them in the implementation process. Therefore, CISAC has already approached several major industry players to discuss the possibility of integrating an interoperable DRM into their services. This phase will continue into 2007.

The recent doubts that have been expressed about DRMs by parties that have always been staunch supporters of their introduction has not lead to a clearer picture or a DRM-free world (in itself not necessarily the best option). Therefore, CISAC continues to advocate DRM interoperability and will continue to play a leading role in the optimisation of the MPEG-21 standard, which will increase the viability of initiatives such as Moebius.

MPEG-21 - Event Reporting standard: For the past five years, CISAC has contributed to the creation of the MPEG-21 standard under the auspices of the International Organization for Standardization (ISO). MPEG-21 is a standardised, non proprietary DRM framework in total compliance with all other ISO standards used by CISAC, namely the ISWC, ISAN and ISTC identifiers.

Event Reporting, the central data exchange process in the MPEG-21 framework, was officially published by ISO as an international standard on July 15, 2006. Initiated by CISAC and implemented by a CISAC-chaired working group, Event Reporting is an automated query-response mechanism that reports on the usage of musical, audiovisual and graphic works.

Event Reporting, used in conjunction with the international identification standards and unique message format promoted by MPEG-21, makes it possible for an automatic and detailed report to be sent each time the content is streamed. Because it allows for an invoice to be created “after the fact” based on actual usage of a creative work, Event Reporting contributes to licensing schemes adapted to new ways of experiencing creative works such as webcasting or Video On Demand (VOD).



FROM MI3P TO DDEX

1/ What happened to MI3P?

MI3P is not “dead.” The four founders of MI3P (CISAC, BIEM, IFPI and the RIAA) licensed most of their intellectual property rights to DDEX in April 2006, which they believe to be the best avenue to cross-industry adoption and implementation of the MI3P standards. Created in 2001, the Music Industry Integrated Identifiers Project (MI3P) sought a global infrastructure of standardized and efficient data exchange for the music industry to facilitate legitimate online music services.

2/ What is DDEX?

Digital Data Exchange (DDEX, pronounced "dee-dex") is a not-for-profit organization created in May 2006 whose charter members consist of music rights societies (ASCAP, HFA, MCPS-PRS, SGAE and SACEM), record labels and digital service providers. DDEX's main goal is to develop, maintain and promote an efficient framework that improves communication and transactions between the various players in the music supply chain. DDEX established its first four standards in October 2006.

3/ What is CISAC's current relationship with DDEX?

CISAC is a “liaison” to DDEX. This means that CISAC participates in all DDEX working groups and board meetings as a privileged observer. Now that DDEX is an official CIS standard, a CISAC working group called CIS-DDEX (formerly the MI3P working group) has been created. The group will circulate DDEX information and provide support to CISAC members.

CISAC is committed to protecting creators and their rights across the globe by serving as the international mouthpiece for creators and their system of collective management.

CISAC made great strides in 2006 in its capacity as the worldwide spokesperson for the system of collective management and the creators it represents. In light of multiplied threats to collective management and authors' rights, CISAC in turn multiplied its advocacy work for authors' rights. The progress made in 2006 in this realm can be attributed to participating in numerous policy debates, working to empower creators, and increasing CISAC's visibility beyond the world of collective management organisations.

WEIGHING IN ON POLICY DISCUSSIONS

In 2006, CISAC launched a unified strategy to combat threats to the system of collective management and the rights it defends. Through its responses to several European Union initiatives that destabilised the notion of authors' rights in the region that gave birth to it, CISAC was able to develop arguments that resonated across the globe. In addition, with the ratification process of the UNESCO Convention of the Diversity of Cultural Expressions in full swing, CISAC also emphasised the importance of the network of national authors' societies and creators in upholding the universal value of cultural diversity.

KEY BATTLEGROUND: THE EUROPEAN UNION

Between the European Commission's "Recommendation on cross-border collective management of copyright and related rights for legitimate online music services" (issued in October 2005) and the Commission's Statement of Objections targeting CISAC and 24 of its members in the European Economic Area (sent in January 2006), collective management organisations in Europe experienced their fair share of challenges in 2006.

CISAC worked tirelessly throughout the year in order to ensure that both of these situations are resolved in a way that respects the rights of creators as well as the system of collective management that supports them.

Statement of Objections: On January 31, 2006 (following complaints which it had received from Music Choice Europe and RTL), the European Commission published a Statement of Objections ("S/O") against CISAC and 24 of its European Economic Area (EEA) members. The S/O-which only concerns cross-border cable, satellite and Internet transmissions of music-considered that three clauses of the CISAC Model Contract and the reciprocal representation agreements signed between authors' societies were in breach of competition rules

STATEMENT OF OBJECTIONS: KEY DATES

31 January 2006 - The European Commission DG Competition published a Statement of Objections against CISAC and 24 of its members in the European Economic Area.

April 2006 - CISAC sent its official response to the S/O to the European Commission.

14-16 June 2006 - The European Commission held a closed door oral hearing with CISAC, 19 European authors' societies, numerous composers and authors as well as the plaintiffs.

1st December 2006 - the CISAC Board unanimously adopted a resolution that outlined the general principles CISAC should apply while seeking an amicable settlement.

CISAC's position has been that two of the model contract clauses in question ("membership" and "exclusivity") do not currently apply to EEA countries. As for the third clause in question (which relates to "territoriality"), CISAC believes this should be preserved so as to prevent both confusion for users of music as well as a damaging downward spiral in the value of authors', composers' and publishers' rights.

In its official response to the Commission (April 2006), CISAC pointed out numerous factual errors and inaccurate assumptions of the S/O, which inevitably led the Commission to incorrect conclusions. CISAC's response also underlined that abandoning the reciprocal representation system would be highly detrimental to authors, music users and cultural diversity in Europe. Because European policies are often a reference for other countries, CISAC was also concerned that a negative ruling in this case would have a disastrous effect on authors' rights beyond Europe.

From June 14-16, 2006 in Brussels, the European Commission held a closed door oral hearing with CISAC, 19 European authors' societies, authors and composers such as Robin Gibb of the Bee Gees, Benny Andersson of ABBA (video message) Yves Duteil, Christian Bruhn and Pia Raug as well as the complainants and third parties.

During the hearing it emerged very clearly that the complaints were above all a matter of costs and that the plaintiffs were using the competition law angle (supported by an overly complex and weak legal reasoning) to try to secure licenses at a reduced rate (including for traditional "internal" broadcasting activities such as terrestrial TV).

CISAC'S S/O VIEWS FOR THE JUNE 2006 HEARING

1- By nature authors' societies cannot be in a competing situation with regards to users because each represents a unique repertoire.

2- Broadcasters themselves have no interest in reciprocal representation agreements being compromised because they want to be able to continue to easily obtain a single authorisation from a one-stop shop, allowing them to use the millions of works in the global repertoire.

3- The European Commission's approach to competition between authors' societies threatened to undermine the one-stop-shop system. It would also cause a reduction in the remuneration of creators which, in the long run, would have serious consequences both for European cultural industries and for the dynamism and diversity of European culture, which the Commission has publicly declared itself as being committed to protecting.

4- Cultural creations cannot be compared to ordinary goods or services, as emphasised by the UNESCO Convention for cultural diversity. CISAC was pleased to see the Commission unequivocally recognise the value of creators' works in October 2005, when the European Commissioner for the Internal Market, Charlie McCreevy, declared that "content should not be available on the cheap".

5- If satellite operators wanted to offer their customers a truly pan-European service with trans-national programmes, neither CISAC nor European authors' societies would be the ones to stop them because this type of licence for direct broadcasting by satellite has existed since 1987.

A resolution adopted by the CISAC Board of Directors in December 2006 mandated CISAC to try to negotiate a collective proposal that would be satisfactory to all interested parties and that would effectively terminate the proceedings within the EC without a negative decision or fines. CISAC also created a working group dedicated to carrying out this strategy, the S/O Strategic Working Group.

CISAC suggested a settlement to the Commission in the first part of 2007 that, while not ideal, offers hope for a positive resolution. Work on the S/O by CISAC and the S/O Strategic Working Group will continue throughout 2007.

European Commission Recommendation on Online Licensing:

The EC's Recommendation issued in October 2005 outlined a restructuring of online licensing schemes and the collective administration of copyright for online music services. CISAC, GESAC and other European right holders' organisations deemed the Recommendation as favouring large multinational users and possibly detrimental to cultural diversity and equal treatment of authors. In order to remedy these problems, the organisations created a joint task force to initiate serious discussions with the Commission.

A major turning point in these discussions was reached in February 2006 when six prominent composers met with Commissioner Charlie McCreevy, who had been leading the Recommendation proceedings. The six composers- Konrad Boehmer (Netherlands), David Ferguson (UK), Laurent Petitgirard (France), Bendik Hofseth (Norway), Mike Hanrahan (Ireland) and Pia Raug (Denmark)-are all members of CISAC's International Council of Music Creators (CIAM).

Commissioner McCreevy concluded the meeting by fully recognising that without authors and their creative contribution the entertainment industry would have nothing to sell. This meeting guaranteed the involvement of creators in the consultation process concerning the Recommendation.

In July 2006, a report by MEP Manolis Mavrommatis on the Recommendation integrated many of the creators' arguments. This led to the drafting of a second report by a parliamentary committee led by MEP Katalin Levai that proposed an alternative and addressed many of the negative points of the Commission's Recommendation, whether they concern the procedure (lack of Parliament involvement and failure to consult interested parties) or the far-reaching consequences for the copyright market (competition and cultural diversity).

This precedent also set the course for further participation of creators in the European Parliament hearing on the topic in September 2006 and the EUObserver conference on "Creative Rights and Cultural Diversity" in November 2006.

ADVOCATING FOR PRIVATE COPYING REMUNERATION

Private copying remuneration, which provides fair compensation to creators for the private copying of their works by consumers, continued to come under fire across the globe. From Mauritius, Australia and Russia to Mexico, Japan and Niger, copyright societies are pushing for its implementation or preservation. Meanwhile, European societies and rights holders came together to fight a proposed European Commission Recommendation (DG Internal Market) that would suggest phasing it out. CISAC played an active role in supporting its societies across the globe in their battle to secure adequate remuneration for private copies for their authors.

CISAC, together with BIEM and GESAC, publicly opposed the EC announcement at MIDEM in January 2006, as well as reviewed the arguments set forth by industrial lobbies. For instance, CISAC's review showed that less than 1% of the iPod™ storage capacity was used to store music initially purchased on the iTunes™ store, annulling the Business Software Alliance's "double taxation" argument. The findings also showed that current DRM systems, which allow users to export content to the open MP3 file format, do not provide effective control over private copying. DRMs can only attempt to regulate the number of copies that can be made-they cannot prevent copies or provide adequate compensation to right holders.

As the year went on, CISAC multiplied its efforts to establish a counterpoint to the industrial lobbies' rhetoric and influence the possible Recommendation. In July, in collaboration with BIEM, CISAC contributed to the formal consultation process launched by the Commission in response to an outcry on the part of right holder organisations. In September 2006, CISAC joined other representatives of the creative community, and notably the European organisation GESAC, to form the "CULTURE FIRST!" Coalition. The members of this coalition signed a declaration in October 2006 called "Private Copying: Culture Under Threat" that drew attention to the devastating consequences the proposed phase-out would have on both artists and the cultural landscape in general.

A CULTURE FIRST! press conference held in Brussels in October 2006 granted authors, composers, film directors, performers, collective management organisations and producers the opportunity to express their views on private copying remuneration and its administration. At this press conference, the creators present repeated that they were not defending a privilege but the basic right of every person, including artists and creators, to earn a salary for their work.

These actions were complemented by an intensive letter-writing campaign in which creators and rights organisations targeted EC President José Manuel Barroso and the 25 national Ministers for Culture. In addition to securing a respected place for the voice of right holders in the debate, CISAC and CULTURE FIRST!'s actions led the Commission's President, in a nearly unprecedented move, to defer the adoption of a draft recommendation on private copying.



French filmmaker Bertrand Tavernier and Belgian filmmakers Jean-Luc and Pierre Dardennes defend private copying remuneration at the CULTURE FIRST! press conference in Brussels, October 2006

Beyond Europe: CISAC was particularly involved in the EC proceedings because the fate of private copying remuneration in the EU will have repercussions across the globe. CISAC lent support to members in other countries, unfortunately with mixed results. For example, a new Australian copyright law was adopted in December 2006 that depends on digital rights management applications (DRMs). This despite a resolution adopted by the CISAC General Assembly in June 2006 that drew attention to the draft bill's incompatibility with Australia's international treaty agreements and intensive lobbying on the part of CISAC's member APRA/AMCOS in Australia.

CISAC also spoke out in May 2006 against a proposed reform to the Spanish Intellectual Property Law, which included, among other problems, inadequate remuneration for private copying.

Furthermore, the CISAC Board of Directors continued to follow developments in Canada and Japan, where debates have been raging on whether or not “audio recording devices with built-in hard drives” typified by iPods should be subject to private copying remuneration. In order to effectively support societies in the legislative arena, CISAC's Legal Committee dedicated part of their June meeting in Vancouver to discussing the legal arguments necessary to protect and promote private copying remuneration.

In addition, CISAC has begun to examine private copying in non-musical repertoires. Surveys carried out in 2006 by the International Council of Creators of Graphic, Plastic and Photographic Arts (CIAGP) and the Audiovisual Strategy Group (AVS) attempted to identify the needs of the visual arts and audiovisual repertoires respectively in terms of private copying. In addition, the first ever CISAC-EVA (European Visual Arts) joint seminar held in Budapest in September addressed private copying for the visual arts in Central and Eastern Europe.

UPHOLDING CULTURAL DIVERSITY: THE UNESCO CONVENTION

Upholding its promise to support the UNESCO Convention on the Protection of Cultural Diversity, CISAC worked hard in 2006 to encourage its widespread ratification across the globe.

The Convention, which asserts the sovereign right of countries to develop, implement and maintain cultural policies, resonates strongly with CISAC's core values and recognises "the critical importance of intellectual property rights in sustaining the international creative community" (from the Convention's preamble).

Furthermore, the Convention explicitly recognises that cultural goods cannot be subjected to the same laws regulating commerce in other areas. CISAC believes that this argument underscores the legitimacy of the current network of national copyright societies, which, in addition to ensuring adequate compensation for creators in their national territories, also contributes to the promotion of works by local and regional creators.

For these reasons, CISAC has lauded the Convention since its introduction as a key to a vibrant, global marketplace for creative works of all kinds. Following its adoption by UNESCO in October 2005, CISAC focused on ratification by the largest number of countries possible in 2006. Through panel discussions in all of its regional and technical meetings, CISAC invited its members to promote the Convention amongst their respective populations and governments.

The Convention passed the 30 signatories needed on 18 December 2006 and entered into force three months later on 18 March 2007.

AMPLIFYING THE CREATOR'S VOICE

Authors' societies are non-profit seeking organisations that, with few exceptions, were founded by creators and continue to be run by them to this day. However, this fact is often ignored by policymakers and industrial lobbyists who often portray collective management societies as impenetrable entities that have been completely divorced from the creators they are supposed to protect. In order to rectify this flawed image, CISAC recognised that the perspectives of creators must be expressed as much as possible. By taking measures to energise the International Councils of Creators and by arranging ample opportunities for creators to speak out on policy issues, CISAC enriched the modern copyright debate.

A NEW ERA FOR THE CREATORS' COUNCILS

Through CISAC's International Councils of Creators, creators have always played an important role in CISAC's activities. In June 2006, CISAC's General Assembly amended its statutes in order to reflect a renewed commitment to putting the creators' points of view in the spotlight. The changes aim to improve the proportion of creators on each council, thereby increasing the role of the creators within the CISAC decision-making process.

CISAC'S INTERNATIONAL COUNCILS OF CREATORS

- International Council of Dramatic, Literary and Audiovisual Creators (CIADLV)
- International Council of Creators of Music (CIAM)
- International Council of Creators of Graphic, Plastic and Photographic Arts (CIAGP)

In addition to the change of status for the Councils, CISAC formally introduced creator relations into the CISAC Secretariat's missions. The role of Silvina Munich, who since 2003 has been responsible for promoting the development of activities related to non-musical repertoires, was transformed over the course of 2006 to include the management of CISAC's relations with creators.

A key mission of this post is to revitalise the creators' councils by attracting new creator participants and by turning the Councils into proactive forums for discussion. The goal is also to reinforce the ties between the Councils and the CISAC Board of Directors to ensure that the concerns and perspectives of creators are fully integrated into CISAC's overall strategy. Ultimately, the creators' councils add an invaluable dynamic to CISAC's lobbying efforts by adding the creators' voices to international and regional policy debates.

CREATORS TAKE THE LEAD

In terms of partnering with creators to form a united front in the political arena, 2006 was a pivotal year for CISAC. The Councils were particularly active in speaking out against several European Union initiatives that questioned authors' rights.

In February 2006, a group of six composers, led by Danish composer and CIAM Chair Pia Raug, obtained a much sought-after meeting with Charlie McCreevy, the European Commissioner in charge of Internal Market and Services. The goal of the meeting for the composers was to share their views on the future of authors' rights and collective management in the digital environment in response to several worrying initiatives, including the October 2005 Recommendation on cross-border licensing and the S/O. The meeting was the direct result of a resolution that was adopted by CIAM in October 2005 in response to the Recommendation.



© CISAC

CIAM composers met with Commissioner McCreevy in February 2006 to share their views on the European Commission initiatives concerning the cultural market.

The Commission had been criticised by many for not allowing sufficient time for consultation and for not including the opinions of all interested parties (and most importantly of creators) in their evaluation of the European market for cultural goods. The meeting culminated with the reassurance of the creators by McCreevy that the EC does not intend to limit or denigrate authors' rights and was a major turning point for creators. It guaranteed a rich dialogue with the Commission on all issues concerning their future.

A few months later, in June 2006, creators stood beside CISAC at the closed-door oral hearing on the Statement of Objections. Among those present at the hearing were Robin Gibb of the Bee Gees (as a full member of CISAC's own delegation), Benny Andersson of ABBA (video message) Yves Duteil, Christian Bruhn and, once again, Pia Raug.

EXCERPT OF ROBIN GIBB'S SPEECH AT THE S/O ORAL HEARING, JUNE 2006

“If a user is able to obtain clearance rights for my song “Night Fever” from 24 - or even more - competing organisations, which organisation do you think the user will choose? The user will of course choose the organisation offering rights clearance in “Night Fever” at the cheapest possible price. Worse still, knowing that the user will choose the “cheapest” organisation, these 24 or more organisations will be forced to undercut each other so as to attract the user's licensing income, thereby triggering a downward spiral in the “divide and rule” negotiation process. What interest do I have in such a scenario? Like every creator - indeed, like every human being - I want to receive a fair price for the fruits of my labour. I do not want that price to be artificially deflated for the benefit of a minority of multi-nationals.”

With the support of CISAC and the other members of the CULTURE FIRST! Coalition, creators took on the European Commission again in the second half of 2006. This time the issue was a report produced by the Commission on an upcoming EC Recommendation that would suggest the phasing out of private copying remuneration in the European Union.

A CULTURE FIRST! press conference took place in Brussels in October and featured a panel of European composers, musicians, filmmakers and writers who took the floor one by one to defend their right to earn a living by their work. They reminded European politicians and the Brussels press corps that their works are the foundation of the creative economy. Many creators also participated in the massive letter writing campaign that accompanied the press conference and that targeted EC President José Manuel Barroso and the Ministers for Culture in all EU countries. These actions culminated in the deferral of a decision on the Recommendation

PIA RAUG: TIRELESS ADVOCATE FOR CREATORS

Danish composer and performer and Chair of CISAC's International Council of Music Creators (CIAM) Pia Raug showed unswerving commitment to the cause of the creative community within the framework of the European Parliament discussions on the 2005 Recommendation on “Collective cross-border management of copyright and related rights for legitimate online music services.”

- **Feb 06:** CIAM composers, led by Ms Raug, meet with Commissioner McCreevy in Brussels.
- **June 06:** Raug and several other authors speak up at the Statement of Objections hearing.
- **July 06:** Raug makes sure that authors' perspectives are represented in Manolis Mavrommatis' report on the EC Recommendation.
- **Sept 06:** Raug participates in the European Parliament hearing on “Collective Cross Border Management of Copyrights for Online Music Services”.
- **Nov 06:** Raug and other CIAM members initiate the EUObserver conference on “Creative Rights and Cultural Diversity”.



© Anders Beier

SUPPORTING THE EUROPEAN COMPOSERS AND SONGWRITERS ALLIANCE (ECSA)

CISAC gave its full support to the three composer groups that came into existence in 2006 and the beginning of 2007:

- FFACE - the Federation of Film and Audiovisual Composers in Europe, headed by Bernard Grimaldi
- ECF - European Composers Forum representing classical music composers, headed by Klaus Ager
- APCOE - the Alliance of Popular Composers Organisations in Europe, headed by David Ferguson

These three genre-based organisations joined forces in March 2007 in Madrid to form the pan-European, cross-genre European Composer and Songwriter Alliance (ECSA). This marks the first time that European music creators from all genres have had a united voice targeting EU policymakers. ECSA aims to evolve into a Brussels-based NGO that has a regular dialogue with the European Commission and Parliament in order to ensure that creators are sufficiently represented in policy discussions. ECSA shares the concerns of CISAC's Councils of Creators and will join their movement for higher quality consultations with EU bodies in the future.

One of the core objectives outlined in the Madrid Manifesto, which formalised the union, is: "Actively engaging in the development of Authors' Rights and helping to shape the future of collective rights administration societies."

Although most creator involvement this year took place in Europe, CISAC's commitment to developing and re-energising the Councils will surely expand into the international playing field in the coming years.

IMAGE BUILDING

CISAC's ability to act as an effective spokesperson for the community of authors' societies is directly related to its visibility at an international level. Since 2005, CISAC's global communication strategy has been undergoing a major overhaul in order to best achieve international recognition within the political sphere, the creative community and the international press.

A NEW CORPORATE IMAGE

The communication strategy, adopted by the Board of Directors in March 2006, set out priorities to refresh and promote CISAC's image. The goal is to enable CISAC to develop global communication "lines" and, as a first priority, to elevate CISAC's brand recognition.

As a first step, CISAC's Director-General and Communications Director worked in close collaboration with the CISAC Communication Committee to determine a new tagline that would reflect CISAC's mission and accompany all CISAC corporate materials. In May 2006, the Board of Directors approved the proposed tagline: "Serving Authors Worldwide". CISAC publicly unveiled the new trilingual tagline and a transformed CISAC logo in January 2007.

Equipped with a brand new logo and tagline, CISAC focused on improving its penetration in the international press. Following their March 2006 meeting, the Communication Committee submitted a recommendation to the Board on the need for a worldwide and proactive press relations strategy. With the Board's support, CISAC launched a call for proposals in the second half of 2006. The choice of the international press relations agency TRIMEDIA was approved by Board in December 2006 and work began immediately on multiplying CISAC's contacts with the press.



SERVING AUTHORS WORLDWIDE
AU SERVICE DES AUTEURS DANS LE MONDE
AL SERVICIO DE LOS AUTORES EN EL MUNDO

INSIDE THE CISAC TAGLINE

SERVING: At its core, CISAC is a service organisation, helping its member societies enhance the quality of the collective administration of creators' rights and to assert this system as the best way to protect and promote the economic, legal and social rights of creators and the cultural landscape that they shape.

AUTHORS: The system of collective administration was created by authors to defend their interests and is still governed by authors today. By protecting the rights of novelists, composers, lyricists, playwrights, artists, poets, painters, sculptors, librettists, directors, screenwriters and illustrators via this system, CISAC and its members play an essential role in the preservation and promotion of cultural diversity.

WORLDWIDE: Created on June 15, 1926, by societies from 15 countries, CISAC has played a role in the development of authors' societies across the globe. CISAC now counts 217 member societies in 114 countries and has regional offices in Buenos Aires, Budapest, Johannesburg and Singapore. CISAC's new tagline will appear trilingual and tri-coloured on all CISAC documents, consistent with CISAC's official languages (French, English and Spanish) and the CISAC News colour code, as a constant reminder of CISAC's dedication to serving the international creative community.

OPTIMISATION OF COMMUNICATION TOOLS

A complementary part of CISAC's communications strategy is the optimisation of its gamut of communication tools. CISAC's second ever Annual Report was distributed at the General Assembly in June 2006 and then circulated among members. Feedback from members on the Annual Report continued to be quite positive, as it is the only publication produced by CISAC that offers an overview of CISAC's activities. The Annual Report will continue to be developed and improved in the coming years and will be produced each year in time for the General Assembly.

New in 2006 was CISAC's economic report titled "Authors' Rights in the World". This study, based on data gathered by CISAC on its members-garnered significant attention in the press and will continue to be produced annually.

In addition, CISAC's quarterly review, CISAC News, was given a brand new, modern design. The first issue of the newly designed CISAC News appeared in March 2006. In addition to an updated colour scheme, the "new" News features a section on CIS technologies and interviews with creators, in addition to the usual industry and member news.

The CISAC website (www.cisac.org) also underwent a significant renovation redesigned to correspond to CISAC's new corporate image and facilitate access by members to the rich collection of reference materials that it holds. The newly designed site is slated for launch in June 2007.

INTRODUCING THE COPYRIGHT SUMMIT



As part of CISAC's updated communications strategy that seeks a strong position for CISAC in the general copyright landscape, CISAC began work on transforming its biannual Congress into the Copyright Summit. Whereas the Congress targeted member societies, the Summit will be a large-scale event involving all those that have a stake in the future of copyright and positioned to attract the international press.

The goal is to create a dynamic exchange of ideas that will enable CISAC and its members to get their messages

across to a wide audience. The Summit has been conceived as an opportunity to reinforce CISAC and its members grasp on current issues and position them as leaders in the copyright debate.

The Board of Directors decided that the CISAC Summit would be managed exclusively by the CISAC Secretariat in order to align the event with CISAC's corporate image and limit the financial investment and workload previously covered mainly by a host society.

Following the Board's May 2006 decision, CISAC partnered with Informa Telecoms & Media Conferences (a UK-based company specialising in conference organisation and professional press publications) for the marketing and logistics of the Summit.

Additionally, former Billboard global editor Emmanuel Legrand, was brought on board in April 2006 to devise the programme, in collaboration with the CISAC Secretariat and the Communication Committee Working Group.

The inaugural Summit (May 30-31, 2007) will feature a two-day, multi-dimensional programme that examines the role of authors' rights and copyright in a digital landscape that continually raises new challenges on all sides of the equation. At the heart of these discussions are the intertwined relations between the creative community, technology companies and policymakers

KEY MESSAGES FOR THE SUMMIT

- Creators' works are the foundation of the value chain. Without these works, there would be no creative economy and no digital business.
- Creators support and trust their collective management societies, who continue to be powerful advocates for authors' interests in the digital economy.
- By adapting and contributing to new digital business models, authors' societies remain important and forward-looking players in the digital economy (micro payments, one-stop shop, online and mobile licences etc.)
- The industry, policymakers and the public should be more aware of numerous positive initiatives from CISAC and its members (Moebius, discussions with YouTube, Creative Commons and Google etc.).
- CISAC and its members are open to discussion with all parties in order to ensure the widest possible legal distribution of creative works.

In many ways, the Copyright Summit represents the literal "Summit" of CISAC's dedication to becoming the spokesperson for the international network of authors' societies and the millions of creators that they represent worldwide. Depending on the success of this first edition, the Summit may become a regular CISAC fixture.

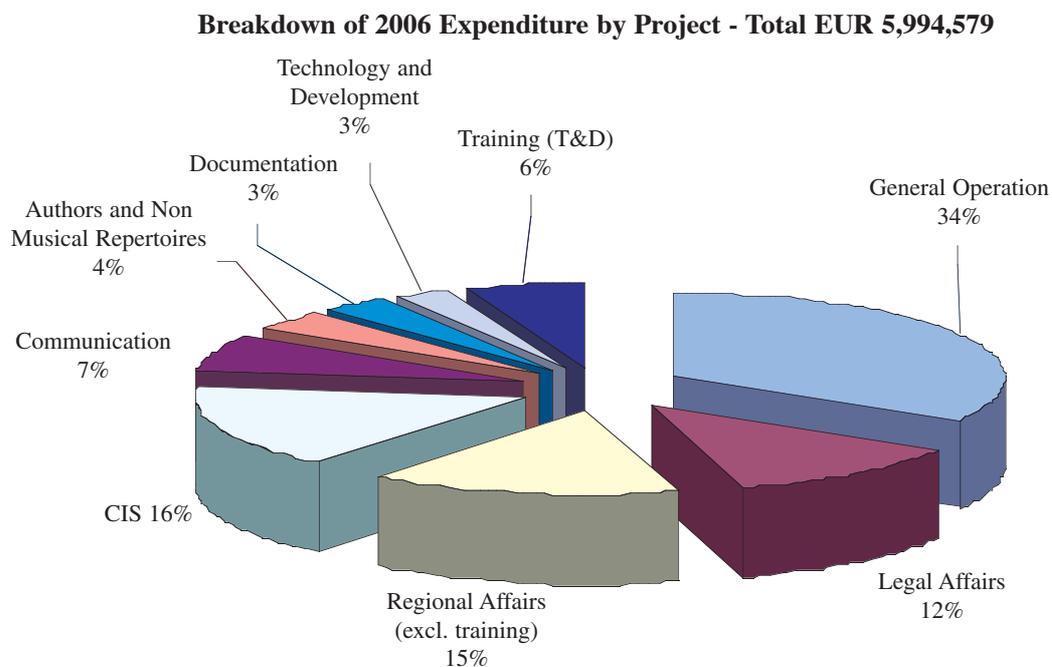
GENERAL REMARKS

The CISAC accounts showed a deficit of EUR 31,615 resulting from total expenditure¹ amounting to EUR 6,393,874 for total income² of EUR 6,362,259. Without the recharging for the CIS tools, total expenditure actually corresponding to CISAC's operations was EUR 5,994,579.

Of the total expenses, salaries made up 31%, fees and subcontracting represented 36% and travel and meetings accounted for 14%. Administrative expenses apart from salaries - including extraordinary and financial expenses - represented 12%, while depreciation and provisions amounted to 6% of the total.

BUDGET APPROPRIATIONS PER PROJECT

For a relevant reading of the use of the resources per project in 2006, the figure of EUR 5,994,579 was taken as the total; it encompasses the expenses relating to the T&D Fund, making a accurate evaluation of the overall training expenses possible, but excludes the administration costs for the CIS tools which are recharged to users and thus only pass through the CISAC accounts.



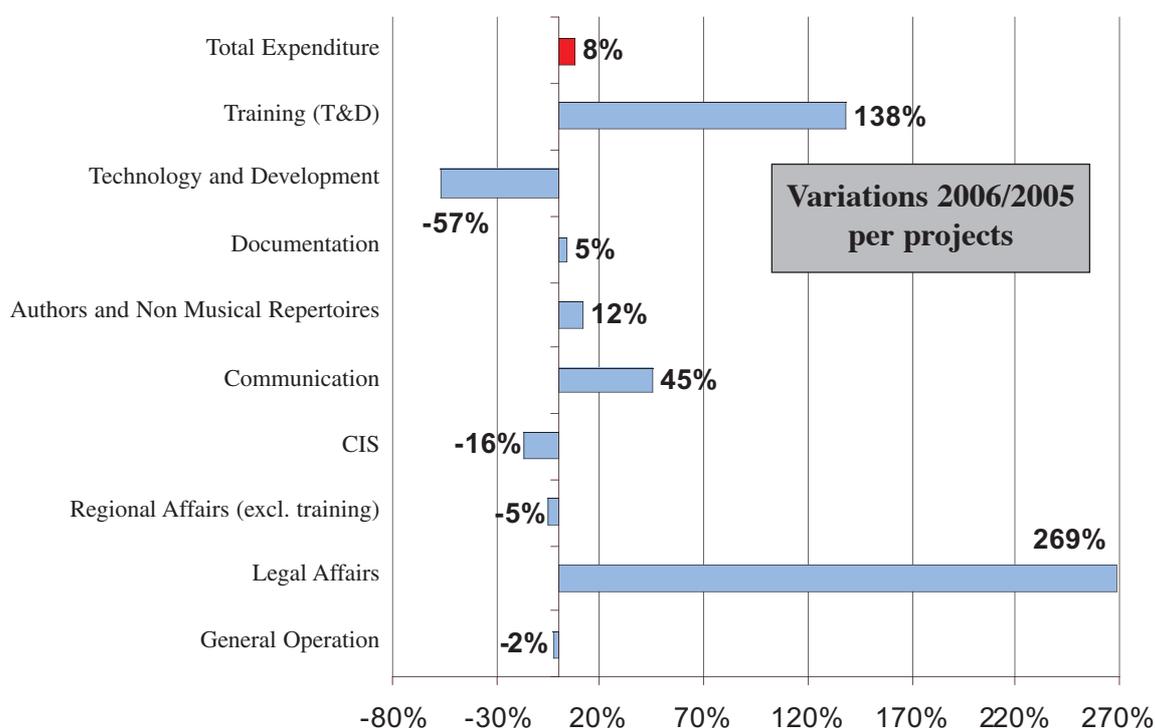
Apart from the general operating costs which represented 34% of the expenditure in 2006, the most significant projects in terms of expenses were, as is traditionally the case, CIS (16%) and regional development (other than training activities), which accounted for 15%.

¹ Total expenditure includes the CIS tool administration costs which are recoverable as income from one year to the next; it excludes expenditure for the T&D programme which, like the income for the programme, can be spread over several years.
² Total income includes the CIS contributions corresponding to the CIS tool administration costs for the previous year but does not include T&D contributions which can be spread over several years.

Legal affairs represented a 12% share of the overall expenses in 2006; this was 2.5 times higher than the 2005 expenses due to needs connected with defending CISAC and its members following the European Commission's Statement of Objections.

In order to meet the urgent needs in the legal sector without penalising the priorities set by the Board and without calling for additional subscription payments, there was, besides the slight deficit overall at the end of the year, a significant reallocation of the budget in the course of the year, in particular for expenses devoted to the technology and development projects (-57%) and the CIS expenses that could be delayed (-16%); this reallocation also concerned the operation of regional affairs (-5%) despite the start made on setting up a full African department.

Communication represented 7% of the total, up by 45% over 2005, due to the funding of the new communication strategy introduced in 2006 in preparation for the 2007 Summit.



Training activities and the operation of the T&D programme represented 6% of the expenses, i.e. more than twice as much as in 2005, thus reflecting the new priority - with communication - given to them by the Board since 2005.

Expenses relating to the mobilisation of authors and the development of the non-musical repertoires also increased significantly by 12% compared with 2005, again reflecting a substantial effort in this area in 2006.

* The figures indicated here reflect the accounts ending on December 31, 2006, as validated by the Board of Directors in March 2007 (New York City) but prior to review by the external auditors from KPMG.

THE PEOPLE BEHIND CISAC

CISAC President: Christian Bruhn (GEMA)

CISAC Vice-President: Victor Hugo Rascón Banda (SOGEM)

(3 year-term, elected by the General Assembly in October 2004)

Board of Directors of CISAC

(3 year-term, elected by the General Assembly in October 2004):

APRA (Australia):	Brett Cottle, Acting Chair of the Board of Directors
BILD-KUNST (Germany):	Gerhard Pfennig, Vice-Chair of the Board of Directors
ARTISJUS (Hungary):	Péter Gyertyánfy
ASCAP (USA):	John LoFrumento
BMI (USA):	Frances Preston
Buma-Stemra (Netherlands):	Cees Vervoord
GEMA (Germany):	Jürgen Becker
JASRAC (Japan):	Shigeru Yoshida
LIRA (Netherlands):	André Beemsterboer
MCPS-PRS Alliance (UK):	Steve Porter
ONDA (Algeria):	Hakim Taousar
SACD (France):	Janine Lorente
SACEM (France):	Bernard Miyet
SADAIC (Argentina):	Carlos Guillermo Ocampo
SAMRO (South Africa):	Nicholas Motsatse
SCD (Chile):	Santiago Schuster Vergara
SGAE (Spain):	Eduardo Bautista García
SIAE (Italy):	Angelo Della Valle
SOCAN (Canada):	André LeBel
VEGAP (Spain):	Javier Gutiérrez Vicén

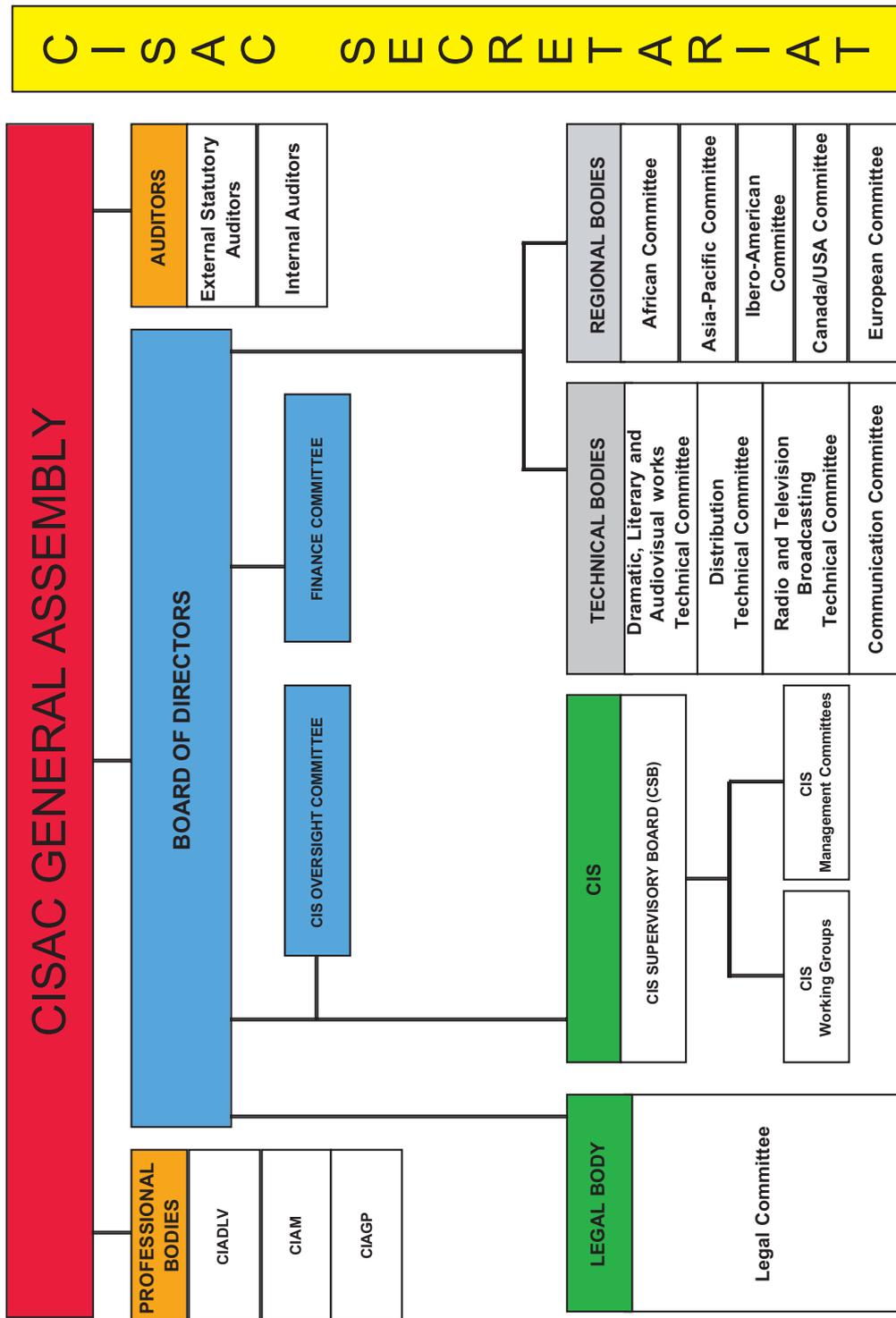
Director General of CISAC: Eric Baptiste

(6 year-term, elected by the General Assembly in October 2004)

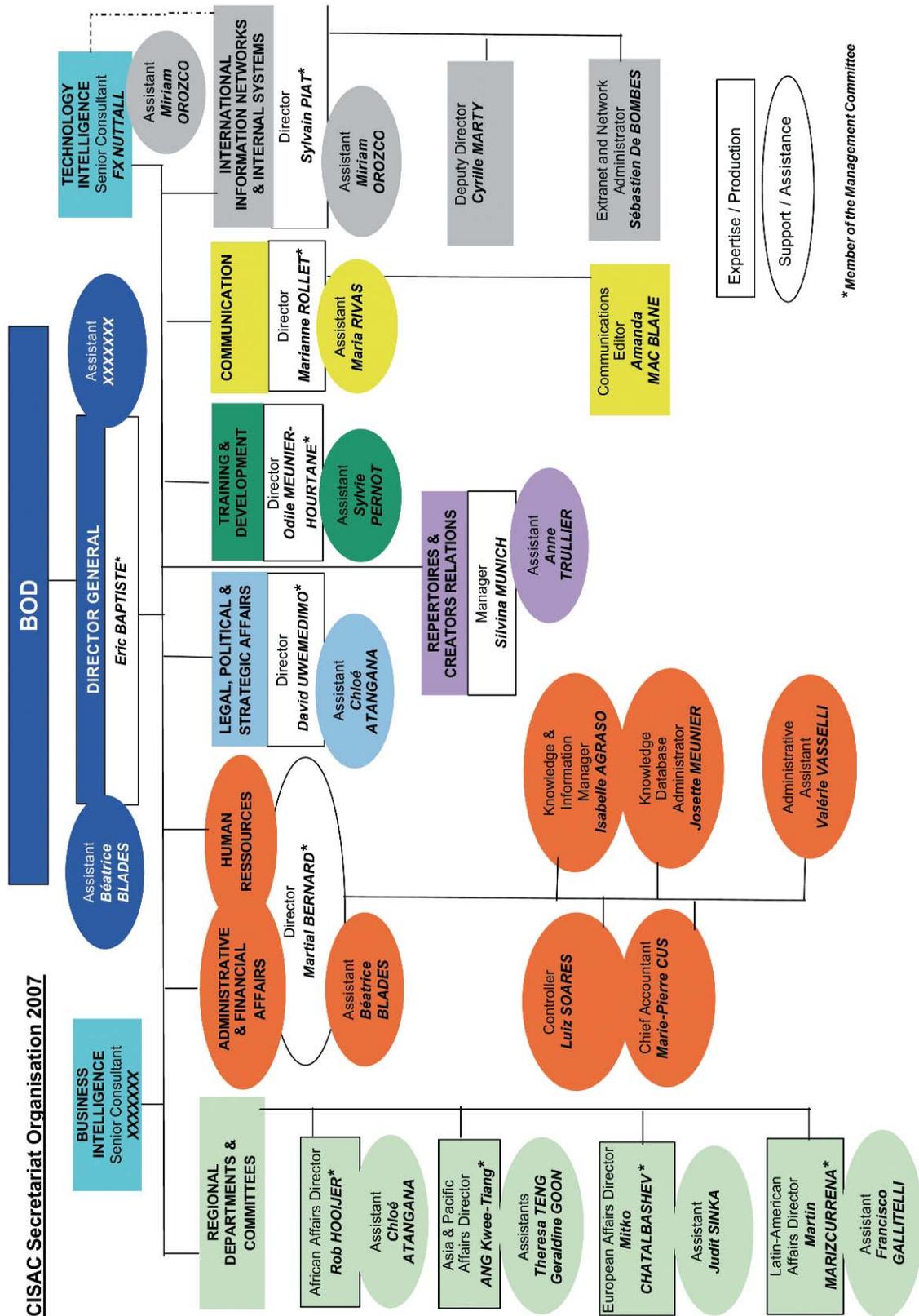
As of May 2007, the Chairs of CISAC's main bodies are :

- o **International Council of Authors and Composers of Music (CIAM):** Pia Raug (KODA)
- o **International Council of Dramatic, Literary and Audiovisual Authors (CIADLV):** Claude Champion (SSA)
- o **International Council of Authors of Graphic and Plastic and Photographic Arts (CIAGP):** Julio Carrasco Bretón (SOMAAP)
- o **African Committee:** Samuel Ahokpa (BUBEDRA)
- o **Asia-Pacific Committee:** Edmund Lam (COMPASS)
- o **Canada/USA Committee:** André LeBel (SOCAN)
- o **European Committee:** Kenth Muldin (STIM)
- o **Ibero-American Committee:** Valentín Caruci (SACVEN)
- o **Legal Committee:** Jean Cavalli (SUISSA) and Vice-Chair Paul Spurgeon (SOCAN)
- o **CIS Supervisory Board (CSB):** Eric Baptiste (CISAC)
- o **Radio and Television Broadcasting Technical Committee (CT-RTV):** Andreas Wegelin (SUISA) and Vice-Chair Urban Pappi (GEMA)
- o **Dramatic, literary and audiovisual works Technical Committee (CT-DLV):** Suzan Dormer (DPRS)
- o **Distribution Technical Committee (CT-R):** Alan Johnston (SAMRO) and Vice-Chair Alan Balchin (MCPS-PRS)
- o **Communication Committee:** Thierry Dachelet (SABAM) and Vice-Chair Sophie Duhamel (SACEM)

CISAC ORGANISATION CHART



CISAC SECRETARIAT ORGANISATION CHART



CISAC MEMBER SOCIETIES (AS OF MAY 2007)

217 authors' societies in 114 countries

MU = Musical
D = Dramatic
AGP = Visual arts

AV = Audiovisual
L = Literary
NA = Information not available, corresponding to associations and guilds member of CISAC that do not directly manage any repertoire.

NB : The information concerning each society's repertoire is based solely on the collection figures that the society supplied to CISAC.

Status within CISAC

M = Member
A = Associate Member
P = Provisional Member

Society	Status	Repertoire	Country	CISAC Region
AACIMH	P	MU	HONDURAS	Latin America
ABRAMUS	M	MU, D	BRAZIL	Latin America
ACAM	M	MU	COSTA RICA	Latin America
ACCESS COPYRIGHT	M	L	CANADA	North America
ACDAM	M	MU, D	CUBA	Latin America
ACUM	M	MU	ISRAEL	Europe
ADAGP	M	AGP	FRANCE	Europe
ADAVIS	P	AGP	CUBA	Latin America
ADDAF	M	MU	BRAZIL	Latin America
AEPI	M	MU	GREECE	Europe
AGADU	M	MU, D, AGP	URUGUAY	Latin America
AGAYC	A	MU	GUATEMALA	Latin America
AKKA-LAA	M	MU, AV, D, L, AGP	LATVIA	Europe
AKM	M	MU	AUSTRIA	Europe
ALBAUTOR	M	MU	ALBANIA	Europe
ALCS	M	AV, L	UNITED KINGDOM	Europe
AMAR	M	MU, AV	BRAZIL	Latin America
AMCOS	A	MU	AUSTRALIA	Asia-Pacific
AMRA	P	MU	UNITED STATES	North America
APA	M	MU	PARAGUAY	Latin America
APDAYC	M	MU, D	PERU	Latin America
APG-Japan	A	AGP	JAPAN	Asia-Pacific
APRA	M	MU	AUSTRALIA	Asia-Pacific
APSAV	M	AGP	PERU	Latin America
ARGENTORES	M	AV, D	ARGENTINA	Latin America
ARMAUTHOR	M	MU, D	ARMENIA	Europe
ARS	M	AGP	UNITED STATES	North America
ARTEGESTION	P	AGP	ECUADOR	Latin America
ARTISJUS	M	MU, L	HUNGARY	Europe
ASCAP	M	MU	UNITED STATES	North America
AsDAC	M	MU, AV, D, L	MOLDOVA, REPUBLIC OF	Europe
ASSIM	P	MU	BRAZIL	Latin America
ATN	M	AV, D	CHILE	Latin America
AUSTRO-MECHANA	M	MU	AUSTRIA	Europe
AUTORARTE	M	AGP	VENEZUELA	Latin America
AUTVIS	P	AGP	BRAZIL	Latin America
AWGACS	M	AV	AUSTRALIA	Asia-Pacific
BBDA	M	MU, AV, D, L	BURKINA FASO	Africa
BCDA	M	MU	CONGO	Africa
BEELDRECHT	M	AV	NETHERLANDS	Europe
BELAT	M	MU, D	BELARUS	Europe

BGDA	M	MU, AV, D, L, AGP	GUINEA	Africa
BILD-KUNST	M	AV, AGP	GERMANY	Europe
BMDA	M	MU, AV, D, L	MOROCCO	Africa
BMI	M	MU	UNITED STATES	North America
BNDA	M	MU, D, L	NIGER	Africa
BONO	M	AGP	NORWAY	Europe
BSCAP	P	MU	BELIZE	Africa
BSDA	M	MU, AV, D, L	SENEGAL	Africa
BUBEDRA	M	MU, AV, D, L	BENIN	Africa
BUCADA	A	MU, AV, D, L	CENTRAL AFRICAN REPUBLIC	Africa
BUMA	M	MU	NETHERLANDS	Europe
BUMDA	M	MU, AV, D, L	MALI	Africa
BURAF0	M	AGP	NETHERLANDS	Europe
BURIDA	M	MU, AV, D, L	COTE D'IVOIRE	Africa
BUS	M	AGP	SWEDEN	Europe
BUTODRA	M	MU	TOGO	Africa
CASH	M	MU	CHINA	Asia-Pacific
CCL	A	NA	TRINIDAD AND TOBAGO	Latin America
CHA	M	MU	CHINESE TAIPEI	Asia-Pacific
CMC	P	MU	CAMEROON	Africa
CMRRA	A	MU	CANADA	North America
COMPASS	M	MU	SINGAPORE	Asia-Pacific
COPY-DAN BILLEDKUNST	M	AGP	DENMARK	Europe
CopyRo	A	L	ROMANIA	Europe
COSCAP	M	MU	BARBADOS	Latin America
COSGA	M	MU, AV, D, L	GHANA	Africa
COSOMA	M	MU, AV, D, L	MALAWI	Africa
COSOTA	P	MU, AV, D, L, AGP	TANZANIA, UNITED REPUBLIC OF	Africa
COTT	M	MU	TRINIDAD AND TOBAGO	Latin America
CPSN	A	MU	NEPAL	Asia-Pacific
CREAIMAGEN	M	AGP	CHILE	Latin America
CSCS	M	AV	CANADA	North America
DACS	M	AGP	UNITED KINGDOM	Europe
DALRO	M	AV, D, L	SOUTH AFRICA	Africa
DAMA	P	AV	SPAIN	Europe
DGA	A	AV	UNITED STATES	North America
DILIA	M	AV, D, L, AGP	CZECH REPUBLIC	Europe
DIRECTORES	M	AV	MEXICO	Latin America
DPRS	M	AV	UNITED KINGDOM	Europe
DRCC	M	AV	CANADA	North America
EAU	M	MU, AV, D, AGP	ESTONIA	Europe
FILM JUS	M	AV	HUNGARY	Europe
FILMAUTOR	M	AV	BULGARIA	Europe
FILSCAP	M	MU	PHILIPPINES	Asia-Pacific
GEMA	M	MU	GERMANY	Europe
GESAC	A	NA	BELGIUM	Europe
GESTOR	P	AGP	CZECH REPUBLIC	Europe
HDS-ZAMP	M	MU	CROATIA	Europe
HMS	M	MU	SAINT LUCIA	Latin America
HUNGART	M	AGP	HUNGARY	Europe
IMRO	M	MU	IRELAND	Europe
IPRS	M	MU	INDIA	Asia-Pacific
JACAP	A	MU	JAMAICA	Latin America
JASRAC	M	MU, D	JAPAN	Asia-Pacific
KazAK	M	MU, D, L	KAZAKSTAN	Europe
KCI	M	MU	INDONESIA	Asia-Pacific
KODA	M	MU	DENMARK	Europe
KOMCA	M	MU	KOREA, REPUBLIC OF	Asia-Pacific
KOPIOSTO	M	AV, L	FINLAND	Europe
KOSA	A	L	KOREA, REPUBLIC OF	Asia-Pacific
KUVASTO	M	AGP	FINLAND	Europe
Kyrgyzpatent	M	MU, D	KYRGYZSTAN	Europe
LATGA-A	M	MU, D, L, AGP	LITHUANIA	Europe
LATINAUTOR	A	NA	URUGUAY	Latin America
LIRA	M	L	NETHERLANDS	Europe
LITA	M	AV, D	SLOVAKIA	Europe
LITERAR-MECHANA	M	L	AUSTRIA	Europe

LVG	M	L	AUSTRIA	Europe
MACP	M	MU	MALAYSIA	Asia-Pacific
MASA	M	MU	MAURITIUS	Africa
MCPS	M	MU	UNITED KINGDOM	Europe
MCSC	M	MU	CHINA	Asia-Pacific
MCSK	M	MU	KENYA	Africa
MCSN	M	MU, AV, D, L	NIGERIA	Africa
MCT	A	MU	THAILAND	Asia-Pacific
MESAM	M	MU	TURKEY	Europe
MSG	M	MU	TURKEY	Europe
MUSICAUTOR	M	MU	BULGARIA	Europe
MÜST	M	MU	CHINESE TAIPEI	Asia-Pacific
NASCAM	M	MU, AV, D, L	NAMIBIA	Africa
NCB	M	MU	DENMARK	Europe
NICAUTOR	P	MU	NICARAGUA	Latin America
NMPA	A	MU	UNITED STATES	North America
OMDA	M	MU, AV, D, L	MADAGASCAR	Africa
ONDA	M	MU, D, L	ALGERIA	Africa
OSA	M	MU	CZECH REPUBLIC	Europe
OTPDA	M	MU, AV, D, L	TUNISIA	Africa
PAPPRI	A	MU	INDONESIA	Asia-Pacific
PROLITTERIS	M	L, AGP	SWITZERLAND	Europe
PRS	M	MU	UNITED KINGDOM	Europe
RAO	M	MU, D, AGP	RUSSIAN FEDERATION	Europe
SABAM	M	MU, AV, D, L, AGP	BELGIUM	Europe
SACD	M	AV, D	FRANCE	Europe
SACEM	M	MU	FRANCE	Europe
SACEMLUXEMBOURG	M	MU, D	LUXEMBOURG	Europe
SACENC	P	MU	FRANCE	Europe
SACERAU	M	MU	EGYPT	Africa
SACIM	P	MU	EL SALVADOR	Latin America
SACK	M	AGP	KOREA, REPUBLIC OF	Asia-Pacific
SACM	M	MU	MEXICO	Latin America
SACVEN	M	MU, D	VENEZUELA	Latin America
SADAIC	M	MU	ARGENTINA	Latin America
SADEMBRA	M	MU	BRAZIL	Latin America
SADH	M	AV, D	GREECE	Europe
SADIA	P	MU	ANGOLA	Africa
SAMRO	M	MU	SOUTH AFRICA	Africa
SARRAL	M	MU	SOUTH AFRICA	Africa
SARTEC	M	AV	CANADA	North America
SAS	M	MU, AV, D, L	GEORGIA	Europe
SASUR	P	MU	SURINAME	Latin America
SAYCE	M	MU	ECUADOR	Latin America
SAYCO	M	MU, D	COLOMBIA	Latin America
SAZAS	M	MU	SLOVENIA	Europe
SBACEM	M	MU	BRAZIL	Latin America
SBAT	M	D, L	BRAZIL	Latin America
SCAM	M	AV, L, AGP	FRANCE	Europe
SCD	M	MU	CHILE	Latin America
SESAC Inc.	M	MU	UNITED STATES	North America
SESAM	A	NA	FRANCE	Europe
SETEM	P	AV	TURKEY	Europe
SGA	M	MU, AV, D, L, AGP	GUINEA-BISSAU	Africa
SGACEDOM	P	MU	DOMINICAN REPUBLIC	Latin America
SGAE	M	MU, AV, D	SPAIN	Europe
SGDL	A	L	FRANCE	Europe
SIAE	M	MU, AV, D, L, AGP	ITALY	Europe
SICAM	M	MU	BRAZIL	Latin America
SNAC	A	NA	FRANCE	Europe
SOBODAYCOM	A	MU	BOLIVIA	Latin America
SOCAN	M	MU	CANADA	North America
SOCINPRO	M	MU	BRAZIL	Latin America
SODART	M	AGP	CANADA	North America
SODRAC	M	MU, AGP	CANADA	North America
SOFAM	M	L, AGP	BELGIUM	Europe
SOGEM	M	AV, D, L	MEXICO	Latin America
SOKOJ	M	MU	SERBIA	Europe

SOMAAP	M	AGP	MEXICO	Latin America
SOMAS	P	MU	MOZAMBIQUE	Africa
SONECA	M	MU, AV, D, L	CONGO, THE DEMOCRATIC	Africa
SOPE	A	D	GREECE	Europe
SOZA	M	MU	SLOVAKIA	Europe
SPA	M	MU, AV, D, L, AGP	PORTUGAL	Europe
SPAC	M	MU	PANAMA	Latin America
SPACEM	M	MU	FRANCE	Europe
SPACQ	A	MU	CANADA	North America
SQN	M	MU	BOSNIA AND HERZEGOVINA	Europe
SSA	M	AV, D	SWITZERLAND	Europe
STEF	M	MU	ICELAND	Europe
STEMRA	M	MU	NETHERLANDS	Europe
STIM	M	MU	SWEDEN	Europe
SUISA	M	MU	SWITZERLAND	Europe
SUISSIMAGE	M	AV	SWITZERLAND	Europe
Suomen Kirjailijaliitto	A	D, L	FINLAND	Europe
TALI	P	AV	ISRAEL	Europe
TEATERAUTOR	M	D	BULGARIA	Europe
TEOSTO	M	MU	FINLAND	Europe
The Author's Registry Inc.	A	L	UNITED STATES	North America
TONO	M	MU	NORWAY	Europe
UACRR	M	MU, D, L	UKRAINE	Europe
UBC	M	MU	BRAZIL	Latin America
UCMR-ADA	M	MU	ROMANIA	Europe
UCOSO	P	MU, AV, D, L, AGP	UGANDA	Africa
UFFICIO LEGALE	A	NA	HOLY SEE (VATICAN CITY STATE)	Europe
VAGA	M	AGP	UNITED STATES	North America
VBK	M	AGP	AUSTRIA	Europe
VDFS	A	AV	AUSTRIA	Europe
VEGAP	M	AGP	SPAIN	Europe
VEVAM	M	AV	NETHERLANDS	Europe
VISCOPY	M	AGP	AUSTRALIA	Asia-Pacific
WGA	A	AV, D	UNITED STATES	North America
WGJ	M	L	JAPAN	Asia-Pacific
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ZAMCOPS	M	MU	ZAMBIA	Africa
ZAMP - Macedonia	M	MU	MACEDONIA, THE FORMER YUGOSLAV REPUBLIC OF	Europe
ZAMP Association of Slovenia	M	L	SLOVENIA	Europe
ZAPA	M	AV, D	POLAND	Europe
ZIMRA	M	MU	ZIMBABWE	Africa

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