

Valuation of Copyrights to Audiovisual Works – Copyright Management Organizations

Abstract

The functioning of audiovisual sector strongly depends on the use of copyrights and related rights. Problems with their clearing could badly harm the functioning of the companies and in some cases leads to strong financial problems.

The distribution of audiovisual works protected by copyrights requires the licensing of rights by different right holders. Some of them are represented by Copyright Management Organizations (CMOs). CMOs allow users to clear rights for a large number of works without individual negotiations.

Fees paid to CMOs for copyright-protected content that is broadcasted and rebroadcasted constitute significant part of operating costs for companies like TV stations, cable operators, VoD platforms.

There is a lot of court disputes related to fees paid to CMOs due to their monopolistic position on the appropriate markets. Main reason for disputes is the lack of a commonly used and widely accepted methodology for calculating the level of royalties to copyright owners and the potential misunderstanding the real value of the protected works.

The development of a proper method for calculating the value of copyrights and related rights is an important task in the current climate of the new economy. This type of valuation is not a typical task for media organizations as well as copyright owners. There is a problem with using the common methods.

The objective of this paper is to show role of CMOs and methodologies of financial valuation of copyrights related to audiovisual works. The analysis shows a wide variation in the methodology of calculating fees, their amount, and their relation to revenues of copyright users in different countries.

Keywords: valuation, taxonomy, taxonomic measures, intellectual property, copyrights, Copyright Management Organizations.

Abstract topic: Media industry and society