



LICENCE TERMS AND CONDITIONS
Record companies not signed to a collective bargaining agreement

SOCAN (“SOCAN”) hereby grant to _____ the following non-exclusive and non-transferable rights:

1- **RIGHT:** Reproduction right of musical works in SOCAN’s repertoire as per its percentage of representation (the “Work”) for the manufacturing and sales of copies of compact discs or vinyl records (the “Product”) for the sole purposes of domestic use or private listening;

2- **TERRITORY AND TERM:** Canada. From the release date of the Product and for the full duration of its exploitation.

3- **ROYALTY:** **\$0.096** per work of a duration of five minutes or less, and
\$0.0192 per additional minute per work per copy sold.
This royalty rate applies until December 31 of the current year and is subject to change at the beginning of each new calendar year, both for new and commercialized products.

4- **REPORTS AND PAYMENTS:**

<i>Period covered</i>	<i>Report due date</i>	<i>Royalty payment date</i>
January 1 to June 30	July 15	August 15
July 1 to December 31	January 15	February 15

5- **PROMOTIONAL COPIES:**

The Record Company may apply to the calculation of the Royalties payable a deduction equal to 20% of the number of pressed copies, up to a maximum of 500 copies per, and for the life of, the Product.

The Record Company may deduct from the calculation of otherwise payable royalties a reserve for eventual product returns that is equal to the reserve being applied by the Company’s Distributor, up to a number of units corresponding to a maximum of forty per cent (40%) of the Products sold during each of the five (5) first semesters. Thereafter, the maximum number of units shall be reduced to twenty per cent (20%) until the Product is taken out of the Record Company’s catalogue.

6- **RESERVE:**

Besides the provisions contained in sections 13 to 15 of the above *General Terms*, and in the event of a failure to comply with this agreement, a notice shall be sent to the distributor and/or manufacturer to stop them from manufacturing, selling and/or distributing any existing or future products of the Record Company. Once the Record Company is being faced with its obligations, a penalty of ten dollars (\$10.00) per licence shall apply before licences can be reinstated by SOCAN.

7- **DEFAULT:**

READ AND AGREED THIS _____ **OF** _____, _____
Day *Month* *Year*

By: _____ Signature: _____

(Please print)

The above conditions and the General Terms listed overleaf constitute this entire licensing agreement.

GENERAL TERMS AND CONDITIONS

1. **ADISQ:** Insofar as, on the effective date of this Licence, (i) the Record Company is a member in good standing of the *Association québécoise de l'industrie du disque, du spectacle et de la vidéo* (ADISQ) and (ii) the Product is governed by the framework licensing agreement entered into by SOCAN and ADISQ in the version thereof in effect on the effective date of this Licence (the "Framework Agreement"), this Licence is granted by SOCAN in accordance with (i) the conditions set out on the reverse hereof and with (ii) the conditions set out in the Framework Agreement, which the Record Company acknowledges having read and with whose provisions it is in agreement, in the place and to the exclusion of the provisions set out in Section 2 and following hereof.
2. **Payment:** The Licensee undertakes to pay the royalties due, plus applicable taxes, for each applicable period during the life of exploitation of the Product and to submit any required reports at the same time.
3. **More favourable conditions:** In the event the Licensee acquires the rights to use the sound recording or the reproduction rights to the same Musical Work(s) for portions not represented by SOCAN for a price exceeding the Royalty set out herein, the Licensee undertakes to pay to SOCAN the difference between the negotiated price and the Royalty set out herein within ten (10) days of the payment of said negotiated price.
4. **Interest:** Any Royalties paid late shall be subject to interest computed on a daily basis at the official Bank of Canada discount rate, plus five per cent (5%), calculated from the due date until payment in full is received.
5. **Reservation of rights:** Unless otherwise set out herein, SOCAN and/or the assigns, as applicable, explicitly reserve for their own use all rights not explicitly granted to the Licensee hereunder, including, without limiting the generality of the foregoing, the following:
 - a) Any printing of the music and/or lyrics of the Musical Work.
 - b) Any parody or translation of the lyrics.
 - c) Any addition of new lyrics or insertion of new text.
 - d) The use, in whole or in part, of the Musical Work in a new edited version of the Product or in a product other than that set out herein.
 - e) The rental or loan of the Product or its sale for rental purposes.
 - f) Any violation of the integrity of the Musical Work.
6. **Promotional activities:** Unless otherwise set out herein, the Licensee acknowledges and agrees that special and specific written authorization shall be required to reproduce the Musical Work for the purposes of free distribution thereof or for any related promotional purposes.
7. **Logo:** The Licensee undertakes to have the SOCAN logo and the name(s) of the author and/or composer printed on the physical copy of the audio version of the Product, on one of the pages of the Web site distributing the Product and/or in the end titles of the audiovisual version of the Product, as applicable. In the case of a Web site, the Licensee agrees to create a hyperlink to SOCAN's web site (www.socan.com).
8. **Additional authorization:** The Licensee shall assume sole responsibility for obtaining the required authorizations from any assigns not represented by SOCAN and from any performers, musicians and record producers if their performances or recordings are used on the Product. SOCAN offers no guarantees in this respect or as regards the violation of the moral rights of the assigns.
9. **Subsequent reproduction:** Unless otherwise set out herein, (i) the Licensee acknowledges and agrees that the Authorization set out in the *Basic conditions* does not extend to any subsequent third-party reproduction. Consequently, any third parties shall be required to pay or negotiate royalties payable to SOCAN or to one of the foreign companies with which SOCAN has entered into representation agreements. In addition, (ii) any Licensee transactions pertaining to subsequent third-party reproduction shall be null and void and shall not be enforceable against SOCAN. The Licensee acknowledges that it shall remain solely liable for any such unauthorized transactions without prejudice to any other recourse available to SOCAN.
10. **End of distribution:** In the event that distribution of the Product ends for any reason, including withdrawal from the Licensee's catalogue, the Licensee shall inform SOCAN thereof in writing. No later than six (6) months after said end of distribution, the Licensee shall provide SOCAN with a report indicating the relevant inventory quantities. In conjunction with the filing of the report, the Licensee shall pay to SOCAN any Royalties due at that time, as applicable. If any inventory is destroyed, a copy of an attestation to that effect, signed in the presence of a witness, shall be submitted to SOCAN within the same six-month period.
11. **Anti-piracy:** In the event that SOCAN is of the opinion that the commercial distribution of the Product has resulted in piracy and/or a significant loss of revenue for either party, the Licensee agrees to develop and implement a security solution aimed at curbing piracy and preventing SOCAN's repertoire from being used for any purposes other than those authorized hereunder. Prior to implementing said solution, the Licensee undertakes to divulge the nature and functioning of the solution to SOCAN. At its discretion, SOCAN reserves the right to request additional information and/or more stringent security measures in order to preserve its rights. The Licensee also undertakes not to enter into any agreements with any third parties duly identified by SOCAN in writing as engaging in illegal activities or encouraging piracy.
12. **Audit:** The Licensee undertakes to keep proper books of account and records with respect to the subject matter of this Licence during the life of exploitation of the Product and for a further period of three (3) years following the expiration or termination of this Licence. During that time, SOCAN may examine, at its own expense, the Licensee's relevant accounting documents during regular business hours. If the audit of said documents reveals that any amounts are owed to SOCAN, said amounts shall be immediately due and payable, with accrued interest computed at the Bank of Canada discount rate, plus five per cent (5%), calculated from the date on which payment should have been made. In addition, if the difference between the audited amounts and the amounts paid by the Licensee exceeds five per cent (5%), the Parties agree that all audit expenses shall be paid in full by the Licensee. The Licensee shall include a clause in any contracts entered into with fellow operators authorizing SOCAN to exercise the same rights set out in this section directly with said fellow operators.
13. **Guarantee:** The Licensee acknowledges that SOCAN holds the reproduction rights to the Musical Work in accordance with the representation percentage and that Royalties are due for said reproduction. The Licensee undertakes to guarantee in perpetuity SOCAN and its current and future members, officers, employees and representatives against any legal actions, proceedings or claims for financial compensation and against any judgments or actions for damages, including reasonable legal fees, which may arise from use of the Musical Work in violation of any provision hereof. The provisions of this section shall remain in effect following the expiration of this Licence.
14. **Termination:** This Licence shall be automatically terminated if either party files for protection under current or future provincial bankruptcy or insolvency laws, or assigns its assets to its creditors, or if a liquidator, receiver or trustee is appointed to administer either party's assets or a significant portion thereof.
15. **Default:** In the event that the Licensee fails to comply with any of the performance requirements, obligations or guarantees set out herein, SOCAN may provide written notice to the Licensee clearly specifying the nature of the Licensee's violation or breach of contract. If the Licensee fails to correct the violation or breach of contract to SOCAN's satisfaction within twenty (20) days of receipt of said notice and fails to provide assurance that it intends to comply with its obligations, SOCAN shall be fully entitled to terminate this Licence unilaterally, without further formality or notice and without prejudice to its rights hereunder.
16. **Termination of licence:** Upon termination of this Licence, the Licensee shall immediately cease the manufacture, sale, distribution or other use of the Product in any way whatsoever.
17. **Amendment:** This Licence constitutes the entire agreement between the Parties with respect to its subject matter and may be amended only in writing signed by the parties hereto.
18. **Jurisdiction:** This Licence shall be governed and interpreted in accordance with the applicable laws of the Province of Ontario.