



Gramex  
Port of Music  
Keilasatama 2 A  
FI-02150 Espoo, Finland  
www.gramex.fi

## BACKGROUND MUSIC SUPPLIER LICENSE AGREEMENT

### This Agreement is made between:

1. *Gramex Finland* (hereinafter referred to as Gramex) and

2. (Company name)  
(hereinafter referred to as *the Licensee*)

(Company Number)

### 1 Object of the Agreement

License and operating terms from performing artists and phonogram producers for dubbing and use of tracks of phonograms in background music services and/or jukebox services.

### 2 Grant of License

**2.1.** *Gramex* grants to *the Licensee* a non-exclusive license to dub tracks of phonograms and thus manufacture copies/files of phonograms to be used for the purpose defined in this Agreement during the validity of this Agreement.

If *the Licensee* has the dubbing done by a Third party, *the Licensee* and the Third party shall be jointly and severally liable for ensuring that the Third party shall act in compliance with this Agreement and the Copyright Act. *the Licensee* shall obtain specific approval from *Gramex* to use a Third Party.

Under this Agreement only such tracks of phonograms can be dubbed that have been manufactured in a legitimate way or that have been made available to the user with consent from the right holders or in another legitimate way to be used for public performance.

**2.2.** *the Licensee* is allowed to make available via a secure network and/or rent tracks of phonograms manufactured under this Agreement to be used for public performance in Finland as background music and/or as part of a jukebox service in locations operated by *the Licensee* (or Distributor) for which the Public Performance Remunerations has been paid to *Gramex* in compliance with the Finnish Copyright Act, Paragraph 47 a.

Manufactured tracks of phonograms can also be made available via a secure network or rented outside Finland, if the Parties agree on the countries separately. In case such foreign activities involve some other specific conditions stipulated by *Gramex*, *Gramex* shall inform *the Licensee* of them. Separate tariffs are applied to locations outside Finland.

**2.3.** This Agreement does not give *the Licensee* the right to copy phonograms for any other purpose other than is agreed in it. *Gramex* owns the right to give more exact application directions concerning the terms of use.

Tracks of phonograms manufactured under this Agreement shall not be made available to the public in any other way or for any other purpose except for what is defined in this Agreement.

**2.4.** *the Licensee* is entitled to make a certain number of backup copies, agreed separately with *Gramex*, to be stored in

*the Licensee's* central databases. The scope of *the Licensee's* operations can be taken into consideration when determining of the number of the back-up databases. Generally, the number of backup copies is no more than three (3).

The content of back-up databases shall not be made available to the public in any form or in any way, e.g. by performing them publicly or distributing copies among the public. The back-up copies and databases shall be stored on the premises managed by *the Licensee*.

### 3 Royalties

**3.1.** *the Licensee* shall pay Royalties in compliance with the tariff valid in Finland. The currently valid tariff list is attached as an appendix to this Agreement.

Location-specific Gross income refers to the monthly rent invoiced, or a corresponding different compensation disbursed to *the Licensee* (VAT excluded) for the background music service as a whole, such as e.g. for music content, necessary devices and software, and normal maintenance and updating.

In jukebox services Gross income refers to the monthly (VAT excluded) (coin-)revenue generated by jukeboxes or another compensation invoiced by *the Licensee* for the providing of jukebox services. Should this other compensation be greater than the (coin-)revenue, remuneration shall be calculated on the basis of that compensation.

**3.2.** In case *the Licensee* and the representative of the Location have agreed on compensation for longer or shorter period than one month the compensation will be changed monthly payments.

**3.3.** Separate tariff list is applied to Locations outside Finland.

**3.4.** In case *the Licensee* does not submit the monthly reports referred to in Paragraph 7, on which the monthly invoicing is based, on time, in other words, no later than by the end of the following month, the monthly royalty can be increased by 20 % for the months reported delayed.

**3.5.** The amount of tariff shall be revised annually taking into consideration changes in the general income and cost level.

**3.6.** Value added tax in compliance with the current tax rate is added to the royalties.

## 4 Payment

**4.1.** *the Licensee* shall pay the Royalties referred to in this Agreement in the following way:

**4.1.1.** Monthly payments: *the Licensee* shall pay royalties monthly in accordance with the invoice sent by *Gramex* (general terms of payment 14 days) with the royalties corresponding as closely as possible to a monthly royalty calculated according to the Agreement.

The sum of the Royalties payable monthly is at least the minimum royalty as defined in the tariffs. It is *the Licensee's* responsibility to ensure that the basis for invoicing is reported to *Gramex* and is up to date. If the monthly royalty payments are paid in arrears, the Licensee shall pay statutory interest.

**4.1.2.** Final Annual Royalty: At the end of every calendar year, a final audit of the royalties is done based on *the Licensee's* auditor's verification or other verification approved by *Gramex* of the reported gross income as specified in this Agreement. *Gramex* sends *the Licensee* an invoice afterwards for the annual royalty for every calendar year as soon as *the Licensee's* calculation bases have been reported. The final value added tax revision is done at the same time.

The invoice falls due within 14 days of the date on the invoice. If the annual royalty payments are paid in arrears, *the Licensee* shall pay statutory interest.

## 5 Licensee's Responsibility

**5.1.** *the Licensee* shall ensure that tracks of phonograms manufactured under this Agreement are not copied or made available in violation of the terms of this Agreement, and that copies of phonograms manufactured under this Agreement are not performed publicly anywhere else but on locations reported to *Gramex* by *the Licensee*. *the Licensee* shall protect the phonograms with efficient technical protective measures against use contrary to this Agreement and the Copyright Act.

**5.2.** What is agreed above does not restrict *Gramex's* right to make claims on third parties or jointly and severally both third parties and *the Licensee* if phonograms are copied or used in violation of this Agreement.

## 6 Gramex Finland's Responsibility

Up to the amount of royalties paid by *the Licensee* to *Gramex*, *Gramex* is responsible for any demands made by third parties on *the Licensee* due to copying of phonograms and making available and/or renting under this Agreement, if the demands are based on Paragraph 45 and Paragraph 46 in the Finnish Copyright Act.

## 7 Obligation to Report

*The Licensee* shall report the following information to *Gramex* in writing:

**7.1.** Monthly report of billing details:

- names and street addresses of locations where *the Licensee's* background music service has been in use and/or
- the monthly gross income defined above.

*The Licensee* shall submit complete monthly reports no later than by the end of the following month. Reporting is done electronically, unless exceptionally otherwise agreed with *Gramex*.

**7.2.** Biannual report of tracks that have been dubbed and made available and/or rented (usage report): The usage report shall be submitted twice a year. The usage report of music used during the time frame of January-June shall be submitted at the latest in the end of July following the usage period. The usage report of music used during the time frame of July-December shall be submitted at the latest in the end of January following the usage period.

*Gramex* will give more specific currently valid instructions on the compilation and submission of the biannual report to *the Licensee*: Instructions on reporting electronically to the background music services.

**7.3.** If necessary, *Gramex* is ready to give more detailed instructions on reporting and the contents of the reports.

## 8 Promotional Use

This Agreement does not apply to the copying of phonograms for advertisements and commercials. The use of phonograms in advertisements, commercials and sales promotion shall always be separately agreed upon with the producers and performing artists of the phonograms.

## 9 Termination Right

*Gramex* has the right to terminate this Agreement immediately if *the Licensee* does not pay the royalties referred to in this Agreement on time in accordance with this Agreement, or otherwise acts in violation of the terms of this Agreement (e.g. faulty or incomplete reporting or non-compliance with deadlines) or the Finnish Copyright Act.

## 10 Audit of Accounts and Operations

*The Licensee* is under obligation to allow an Auditor appointed by *Gramex* to examine *the Licensee's* accounts as well as *the Licensee's* files and databases on supplied phonograms and their updates to such an extent that is required to verify the correctness of the royalties payable to *Gramex Finland*.

*Gramex* or a representative appointed by *Gramex*, e.g. a person from the Copyright Information and Anti-Piracy Centre, has the right at any time during the opening hours of the location to examine the contents of a specific hard disc or other phonogram tracks on the location as well as the contents of *the Licensee's* central database.

## 11 Depositing of Security

*Gramex* has the right to require *the Licensee* to deposit a monetary or a bank guarantee within a month's time to cover the expected average 12-month royalties payable by *the Licensee*. *the Licensee* allows the security to be used to pay Royalties as referred to in this Agreement.

## 12 Disputes

Disputes concerning this Agreement will primarily be sought to be settled through negotiations. If a settlement cannot be reached, conflicts concerning this Agreement shall be settled by the Helsinki District Court. This Agreement shall be construed and interpreted in accordance with the laws of Finland.

## 13 Period of Validity

**13.1.** This Agreement is valid starting from the date signed by *Gramex* until the end of the calendar year, after which the Agreement is valid a calendar year at a time, unless either of the

Parties terminates the Agreement in writing and no later than three months prior to the end of the contract period.

**13.2.** The use of the phonograms, including the master database, that have been made under this Agreement is not allowed after the end of this Agreement in the operations of background music suppliers under this Agreement without new and explicit permissions and related terms and conditions from performing artists and phonogram producers.

**14 Transferability**

*the Licensee* may not assign all or any of its rights or obligations or transfer all or any of its obligations under this Agreement without the prior written approval of *Gramex*.

**15 Furthermore**

**15.1.** *the Licensee* is registered in the *Gramex's* register from

Espoo, \_\_\_\_\_ 20\_\_\_\_

Gramex Finland

Ilmo Laevuo  
Managing Director

**Contact details of the Licensee**

Address: \_\_\_\_\_

Contact person in contract issues: \_\_\_\_\_

Telephone: \_\_\_\_\_ e-mail: \_\_\_\_\_

Contact person in reporting issues: \_\_\_\_\_

Telephone: \_\_\_\_\_ e-mail: \_\_\_\_\_

- APPENDIXES - Industry-specific price list  
- Instructions on electronic reporting

**Definitions:**

In this Agreement

- manufacturing refers to the copying/dubbing of a phonogram on devices or carries or files (or any mechanism used for the storage of phonograms) by which it can be reproduced as defined in the Copyright Act paragraph 45 and Paragraph 46.
- a phonogram refers to a legitimately published and distributed Sound Recording or part of them.
- a track of phonogram refers to a part of phonogram that includes one musical work or part of it;
- a copy of phonogram refers to equipment or a file to which a phonogram has been copied;

which a third party, such as restaurant, can check, if a particular Licensee has obtained all necessary licenses from *Gramex* to conduct his activities.

**15.2.** *the Licensee* may grant *Gramex* permission that *Gramex* can list the suppliers that have obtained licenses for background music services and jukebox activities on *Gramex's* Internet site or customer magazine.

We grant permission to list our name:

We do not grant permission to list our name:

**16 Signature:**

This Agreement has been drawn up in two identical copies, one for each party.

\_\_\_\_\_  
(Place and date)

\_\_\_\_\_  
(Licensee)

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(name of signatory)