

CDC (Copyright Data Clearinghouse)

Press Release *(Translation)*

March 6, 2009

The World's First Approach

**Music Users Group and Right Holders Organizations jointly
set up a 3rd-Party Body for Copyright Clearance**

To build a common infrastructure utilizing a new technology for further development of content distribution in digital network society

**A First and Big Step towards Development of Infrastructure
for Copyright Clearance**

Today, Copyright Data Clearinghouse (CDC) was established as a non-profit, incorporated association to promote the legitimate and smooth use of copyrighted works.

Recently digital content providers have dramatically increased the number of works offered in their service catalogs and a great variety of digital contents have been distributed in high volume (Attachment A). However, under the current operation of the right clearance and royalty distribution of the wide variety of digital contents, the cost and the workload required for identification of musical works have tremendously increased and that situation has become an issue to be solved for both the music users group and the right holders organizations.

Therefore, we are aiming at building the common infrastructure for the music users group and the right holders organizations through collaboration, such as centralizing the operation which the both parties have been engaged in so that the cost and workload can be reduced (Attachment B), and effectively identifying the musical works with the fingerprinting technology so that the precise information related to the right holders can be provided.

1. Business Purposes of CDC

CDC will promote the legitimate and smooth use of copyrighted works by receiving and sorting out the usage reports of copyrighted works as well as right holders information and returning the processed data to the users and right holders organizations, under the cooperation between both parties.

CDC will support the ever-expanding contents distribution in the future by building up an epoch-making system to centralize the right clearance operation between users and multiple right holders organizations for the use of musical works in high volume that comes up in 10,000 websites operated by 1,000 companies.

2. Business Description of CDC

- Identification of musical works using the fingerprint technology and making the processed usage reports to the right holders organizations
- Creation of database as the hub of right holders information
- Other business related to above

3. Schedule

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| March 2009 | Establishment and registration of CDC |
| May 2009 | Run of a pilot system and a bidding for estimate costs of the main system |
| April 2010 | The operation of the main system starts. |

The business of CDC will be carried out with the assistance and cooperation of Secretariat of Intellectual Property Strategy Headquarters in Cabinet Secretariat, the Agency for Cultural Affairs, Ministry of Internal Affairs and Communications, and Ministry of Economy, Trade and Industry, based on "the Intellectual Property Strategic Program 2008(*)," which is set forward by the Intellectual Property Strategy Headquarters of the Government of Japan.

(*) "The Intellectual Property Strategic Program 2008" (excerpt)

Improvement of the right clearance which corresponds to the music distribution over the Internet.

Since the volume of the right clearance procedure has sharply increased due to the rapid growth of the market of music distribution over the Internet, for the purpose of facilitating the efficient right clearance procedure, the Secretariat will support the establishment of a

3rd-party organization within the fiscal year of 2008, which collectively performs the necessary operation for right clearance, such as identifying musical works with the works codes and matching data and so on.

(jointly proposed by Ministry of Internal Affairs and Communications / Ministry of Education, Culture, Sports, Science and Technology / Ministry of Economy, Trade and Industry)

Ryuichi SASAKI
Director
Copyright Data Clearinghouse

Mitsuo SUGAWARA
Director
Copyright Data Clearinghouse

Background to the establishment of CDC

Led by the development of mobile distribution system such as i-Mode, the Japanese industry of the digital contents distribution has grown to the world largest digital market. At the same time, in the PC-based music distribution market, the distribution model is also rapidly growing as it contains over a million of music works in the service list. The new trend of distributing broadcast contents over the Internet is expected to grow significantly in the future, due to the measures taken by the governmental bodies.

Under such circumstances, the clearance of music copyrights has been made based on the tariffs which multiple copyright management organizations and the user representative have been negotiating to correspond to the current music distribution businesses since 2001 when the “Law on Management Business of Copyright and Neighboring Rights” took effect and allowed new copyright management operators to start collective management business. On the other hand, the current system for reporting usage of musical works and for invoicing are almost reaching the limit of its capacity due to the rapid and large increase in the numbers of processing data and the diversified types of usage of musical works.

In order to solve the above issues, since 2007 the right holders group and the users group have reviewed and discussed the practical measures to efficiently process the data of music usage in high volume and accurately reflect the data on the royalties distribution to the right holders and they have also discussed how to deal with the different tariffs of respective copyright management organizations and their repertoire share in the comprehensive agreements.

As in the other private business sector, when a market grows under the competition among companies, the introduction of the common infrastructure that can be used openly, such as payment system, distribution system, etc. has played a significant role in expanding the market since the infrastructure made it possible for many players to join the market which resulted in accelerating the competition.

Aiming at the market expansion in the digital contents distribution business in the future, Copyright Data Clearinghouse is established as the common infrastructure in order to carry out the Copyright Data Process Re-engineering and to proceed the smooth processing for both contents providers and copyright management organizations.

Copyright Data Clearinghouse

Founders

Hiroyuki KISHI Professor, Graduate School of Keio University
Taro KIMURA Journalist / Representative, Community SimulRadio Alliance
Shigeo MARUYAMA Chairman, 247Music Inc.
Misa WATANABE Chairperson, Watanabe Productions Co., Ltd.
Network Music Rights Conference (NMRC)
Japanese Society for Rights of Authors, Composers and Publishers(JASRAC)

(JASRAC)

<Special Adviser>

Hiroshi TACHIBANA Director-General, Headquarters for Promotion of National
Public Service System Reform / Consultant, Nippon
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Candidates for Management Committee members (as of March 6, 2009)

EXING INC.
MTI Ltd.
GIGA NETWORKS, INC.
Sammy NetWorks Co., Ltd.
Daiichikosho Co., Ltd.
Dwango Co., Ltd.
Yamaha Music Media Corporation
USEN CORPORATION

e License Inc.
Japan Rights Clearance Inc.
Daiki Sound Co., Ltd.
JASRAC

(Reference)

Network Music Rights Conference (NMRC)

● Profile

Network Music Rights Conference (NMRC) is the representative of content providers in interactive distribution sector, defined in the "Law on Management Business of Copyright and Neighboring Rights." It was established on August 28, 1997 as a private organization, for the purposes of conducting researches and gathering information to make rules for licensing the musical works used over the Internet and the other network distributions of musical works, and building consensus among the related organizations.

● Secretariat

Secretariat of Network Music Rights Conference
(Located in the Association of Musical Electronics Industry)

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● Affiliated body

Association of Musical Electronics Industry (AMEI)
Association of Copyright for Computer Software (ACCS)
Association of Media in Digital (AMD)
TELECOM SERVICES ASSOCIATION (TELESA)
Japan Internet Providers Association (JAIPA)
Recording Industry Association of Japan (RIAJ)
Mobile Content Forum (MCF)
Japan Association of Music Publishing (JAMP)

CONTACT

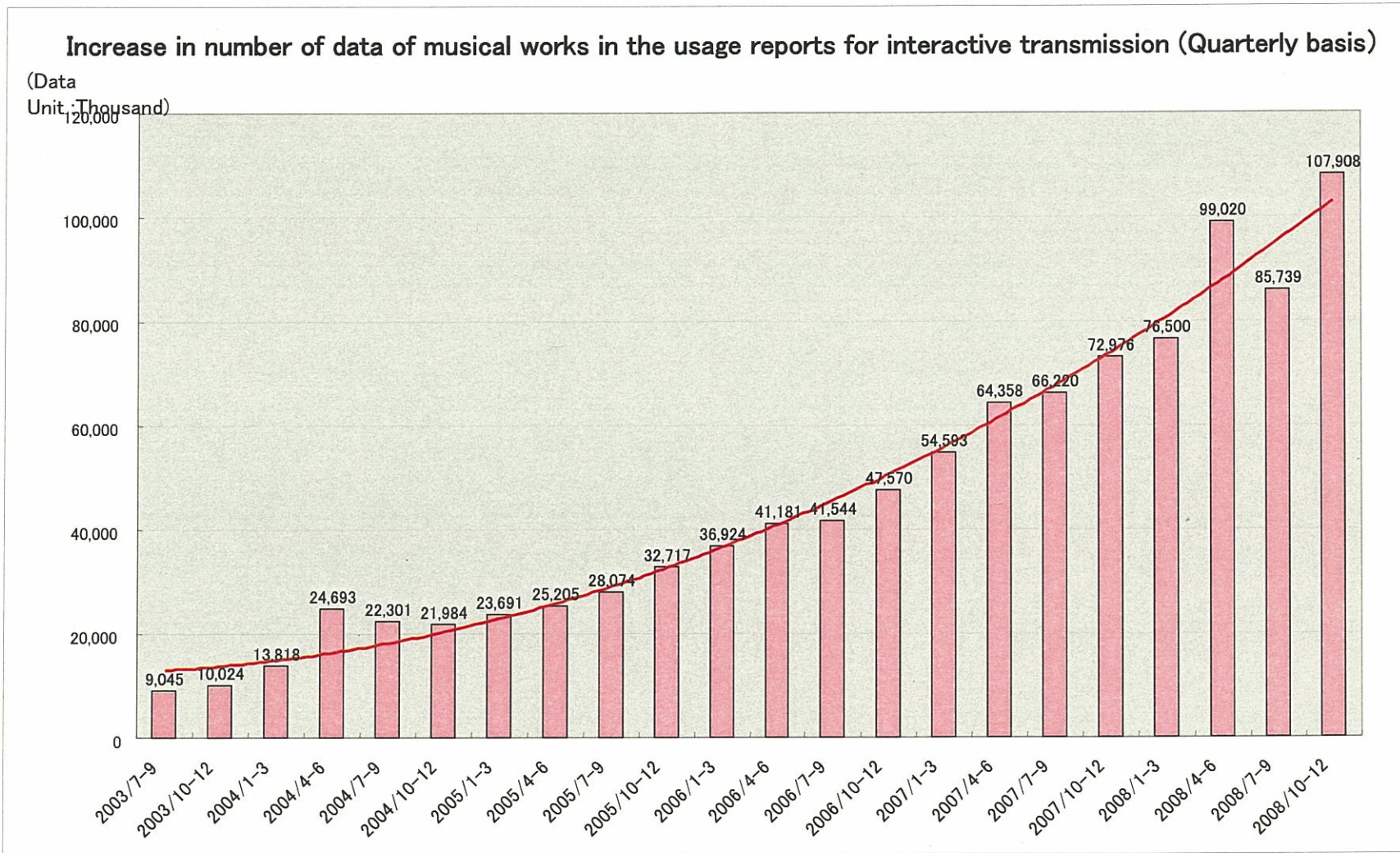
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Rapid Expansion in Digital Contents Distribution



(Information Source : JASRAC)

Efficient Clearance Scheme

