



Distribution Charter¹

This Distribution Charter explains how PLS distributes collective licensing revenues.

1. Introduction

1.1 Collective licensing for published materials was introduced in the UK in the early 1980s to address widespread unlawful photocopying for which rights holders were not being remunerated. As of April 2016, collective licensing has been regulated by the Regulations.

1.2 Collective licensing exists to offer a practical and cost effective solution for secondary usage of published materials through copying. Licensed users can reproduce and/or use extracts from Titles to which they have lawful access, whether through purchase, subscription or otherwise, without fear of breaking the law in return for payment of a blanket licence fee. The resulting revenue is distributed to rights holders for reproduction and/or use that it is not practical to license on an individual basis due to the volume of users and the scale of reproduction and/or use of small extracts.

1.3 This form of 'blanket' licensing, as distinct from transactional or direct licensing, is managed on a collective basis and so there is no direct connection between user and rights holder. (The exception is document delivery licensing which is managed on a transactional basis.) As it is not possible to monitor every reproduction and/or use of a published work made by all licensed users, data on what is copied is gathered largely on a sample basis. This data is used to inform the allocation of revenue to Titles. There is

¹ Definitions of all terms used in this Distribution Charter are set out in paragraph 8.

no entitlement as such to a share of the revenue for any particular Title and right holders should not expect to receive revenue each time one of their Titles might be copied.

1.4 The nature and scale of collective licensing means it is not possible to take account of the exact rights ownership of each Title which may or may not have been copied. The convention since the introduction of collective licensing has therefore been for the licence fees to be shared between all those who participate in the production of publications, namely the authors, the visual artists and the publishers. Their respective shares of collective licensing revenue were independently assessed in a [Rights Valuation](#) undertaken in 2015. The determination became effective on 1st January 2016 and is subject to periodic review.

1.5 The Rights Valuation ensures that each category of rights holder benefits appropriately from collective licensing. There is therefore no obligation or expectation that any category of rights holder should pass on any part of their share of collective licensing revenue, notwithstanding any existing contractual or other arrangements with other participants.

1.6 The following apportionments apply as between publishers, authors and visual artists:

UK collective licensing revenues

Format	Publishers (%)	Authors (%)	Visual Artists (%)
Books: Schools	42.00	42.00	16.00
Books: Further Education	42.50	42.50	15.00
Books: Higher Education	48.00	48.00	4.00
Books: Business and Public Sector	49.50	49.50	1.00
Journals	76.00	23.00	1.00
Magazines	72.50	17.50	10.00

Overseas collective licensing revenue

Shares are as for the UK above with the exception of income that relates to a subsection, but not to all classes, of rightsholders. In this case the distribution will be shared only between the parties representing this subsection of rightsholders and in the same proportions.

In the case of revenue that cannot be allocated to a specific Title or format (non-title specific) the ratio of UK revenue across all formats and sectors is as applied in the previous year.

1.7 This Distribution Charter governs the way in which PLS distributes the Publishers' Share of collective licensing revenues in accordance with the Regulations.

2. Source of collective licensing revenues

2.1 PLS appoints CMOs to license the rights granted to PLS by Publishers. PLS currently licenses through:

2.1.1 CLA for licensing rights to reproduce and/or use extracts from books, journals, magazines and websites to the education, public and business sectors and abroad and

2.1.2 NLA for licensing rights to reproduce and/or use from magazines to the business and government sectors where the magazine Publishers have instructed PLS accordingly.

2.2 CLA distributes the licensing revenues it collects to CMOs representing each category of rights holder in accordance with the Rights Valuation for onward distribution to their rights holders under their respective distribution policies, namely to PLS in the case of the Publishers' Share, to ALCS in the case of the Authors' Share and to ALCS, DACS and PICSEL in the case of the Visual Artists' Share.

2.3 NLA distributes the licensing revenues it collects to PLS and PLS distributes the relevant shares in accordance with the Rights Valuation to Publishers under this Distribution Charter and to ALCS, DACS and PICSEL for onward distribution to their rights holders under their respective distribution policies.

2.4 PLS undertakes to distribute the collective licensing revenues it receives from CLA and NLA regularly, diligently and accurately and in accordance with this Distribution Charter.

3. Deductions

CLA, NLA and PLS each deduct an administration fee from the licensing fees they each collect to cover the costs of their respective operations, including third party costs, as detailed below. The amounts so deducted are subject to the approval of their respective Boards.

3.1 CLA deducts an administration fee, prior to distribution to the CMOs as set out in paragraph 2.2 above, of:

3.1.1 11% in the case of revenue collected from all licences subject to 3.1.2 below

3.1.2 40% in respect of revenue collected from new business licences in their first 12 months to reflect more closely the actual cost to CLA of administering such licences.

CLA remits to PLS any unused portion of its administration fee each year in the form of Non-Title Specific Revenue.

3.2 NLA deducts, prior to distribution to PLS as set out in in paragraph 2.3 above, an administration fee of 20%.

3.3 PLS deducts, at the time of distributing the Publishers' Share to Publishers and the Visual Artists' Share to ALCS, DACS and PICSEL, an administration fee of 6%.

3.4 PLS's administration fee covers the operating costs of PLS and a contribution to a reserve fund for contingencies. PLS accounts for the use of its administration fee annually at a meeting open to all Publishers. PLS does not make any other deductions from the collective licensing revenue it receives.

3.5 PLS may periodically review the level of its administration fee in order to determine whether the aggregate administration fee it has retained during the period under review

exceeds or falls short of the amounts it requires for the proper administration of its operations. If any such review reveals that the aggregate administration fee retained by PLS during the period under review exceeds its anticipated funding requirements for the following year, or for any required longer period following such review, PLS will distribute the excess as Non-Title Specific Revenue in accordance with paragraph 4.4 below.

If, on the other hand, PLS reasonably determines that the aggregate administration fee that it has retained during the period under review falls below its anticipated funding requirements for a period following such review (whether for the next year or for any further required period), PLS may, subject to approval by the PLS Members, increase its administration fee for the year following such review by such percentage amount as the PLS Members deem fair and reasonable in order to reflect its anticipated costs for such following year or period.

4. Allocation of Revenue

4.1 Licensing revenue collected by CLA and NLA for which sufficient data is available is allocated to specific Titles by CLA and NLA in accordance with their respective distribution methodologies.

4.1.1 The allocation methodology of CLA is based on a combination of: usage reports by licensees, usage audits, surveys, and other methods as determined from time to time by the CLA Board, and licensing revenue is allocated only to Titles that carry an ISBN, ISSN or URL. Licensing revenue from transactional (document delivery) licences is allocated to the Titles used under such licences.

4.1.2 The allocation methodology of NLA is based on licensee usage reports alone.

CLA and NLA remit all such Title Specific Revenue to PLS, after deduction of their respective administration fees, together with the relevant data.

4.2 CLA and NLA also collect a certain amount of Non-Title Specific Revenue. Examples include revenue from overseas collecting societies in the case of CLA and revenue from republishing licences in the case of NLA. CLA and NLA remit such Non-Title Specific Revenue to PLS without allocation after deduction of their respective administration fees.

4.3 PLS allocates Title Specific Revenue, based on the allocation data it receives from CLA and NLA, to the Publisher linked to the applicable Title in PLS Account Manager at the date of the relevant distribution, notwithstanding that some or all of the Title Specific Revenue may relate to a period prior to the Publisher being linked to that Title in PLS Account Manager.

4.4 PLS allocates Non-Title Specific Revenue to Publishers on a pro rata basis in accordance with the policy agreed from time to time by the PLS Members.

4.5 PLS is occasionally unable to distribute Title Specific Revenue for one or more of the reasons in paragraph 5.6 below. A separate record is kept of Title Specific Revenue. If at the end of the three-year period referred to in paragraph 5.6 any such Title Specific Revenue remains undistributable PLS reserves the right to allocate such sum to Non-Title Specific Revenue for distribution to Publishers in accordance with paragraph 4.4 above.

4.6 If PLS is notified in writing of a dispute between Publishers as to who owns a particular Title at the date of the relevant distribution, PLS shall withhold the distribution of all Title Specific Revenue payable in respect of that Title until the dispute has been resolved and the outcome has been notified to PLS in writing by all parties to the dispute. If the dispute is not resolved within six years from the date on which PLS is notified of the dispute, the Board may decide to reallocate the Title Specific Revenue so withheld to Non-Title Specific Revenue.

5. Distribution of the Publishers' Share

5.1 PLS distributes the Publishers' Share it receives to Publishers (subject to the provisions of this Distribution Charter) for the most part in the calendar month following receipt of such revenue, although some revenue is distributed in the month of receipt. In some cases, PLS may need to withhold certain sums pending confirmation of Title, payee or other relevant information.

PLS will distribute each of the different sources of revenue in accordance with the Distribution Timetable published on its website and in PLS Account Manager. The Distribution Timetable may be updated from time to time and may be subject to variation for reasons beyond the control of PLS. PLS will notify Publishers of any changes to the Distribution Timetable in its Distribution Bulletin. Publishers wishing to be paid by cheque or with bank accounts outside the UK will receive distributions on a twice-yearly basis.

5.2 The levels of revenue payable to Publishers in accordance with this Distribution Charter may vary over time. Future revenue cannot reliably be forecast on the basis of current receipts.

5.3 PLS deducts its administration fee from the Publishers' Share at the time of distributing such revenue to Publishers.

5.4 If PLS makes a distribution in respect of a Title to the Publisher linked to that Title in PLS Account Manager on the date of distribution then such payment shall be deemed to be a good and sufficient discharge of PLS's obligations in respect of the sums involved. Publishers are required under the PLS General Terms and Conditions (clause 5) to ensure that they keep their PLS Publisher Accounts updated in PLS Account Manager on a regular basis. PLS has no liability for any sums not received by a Publisher as a result of its PLS Publisher Account being inaccurate or out of date, or for any sums

received by a Publisher as a result of another PLS Publisher Account being inaccurate or out of date.

5.5 If the Publishers' Share received by PLS includes sums that are properly allocated to publishers that have not signed a PLS Publisher Account Form, PLS will take all necessary measures to locate, make contact with and pay such publishers. PLS encourages such publishers to sign up for a PLS Publisher Account. Any sums allocated to a publisher that PLS cannot locate and make contact with are treated in accordance with paragraph 5.6 below.

5.6 Where a publisher to whom revenue has been allocated cannot be located or contacted, has ceased trading, or refuses to accept such revenue, PLS will take all necessary measures to try to locate the relevant publisher, if appropriate, including making available to Publishers and the general public details of the Titles and rightsholders involved, and pay such revenue to the entitled publisher.

If after a period of at least three years from the date on which PLS receives such sums the sums remain unpaid they may be reallocated as being Non-Title Specific Revenue, to be distributed accordingly. Notwithstanding any such distribution, any publisher may claim from PLS (and PLS will pay out) sums to which that publisher is entitled, but which it has not received for one or more of the reasons set out in this paragraph, for up to six years from the date on which PLS received such sums.

5.7 If a third party claims to be entitled to receive revenue in succession to a previously entitled Publisher, PLS may demand evidence in writing to support such claim before releasing the revenue to such third party. PLS may require such third party to provide an indemnity against future claims.

5.8 If a Publisher to which payment is due is based overseas and has no bank account in the UK PLS reserves the right to make an additional deduction from the payment made to cover the cost of the international bank transfer.

5.9 To save administration costs, a Publisher will not receive payment if the amount due at any time is less than £25 or, in the case of payments to be made by cheque, less than £200 (or such other amounts as the PLS Board may from time to time determine).

Instead, sums due will be carried over and paid to the Publisher when the aggregate exceeds the applicable threshold above.

5.10 PLS is under no obligation to make a payment to a Publisher if the Publisher fails to notify PLS in writing of a change to its contact details and PLS cannot, having taken all reasonable steps, make contact with the Publisher.

5.11 PLS is entitled to retain any interest earned from money passing through its accounts and it will apply any such interest towards its operating costs only.

6. Exclusions

6.1 PLS shall determine in its sole discretion whether, according to rules determined by PLS, a specific Title is free to copy, or belongs to a category of works not administered by PLS, or is excluded from a specific collective licence, in which case no revenue shall be allocated to such Title.

6.2 A Publisher may elect in PLS Account Manager to exclude specific Titles, rights, licences and / or territories from its grant of rights to PLS, in which case no revenue shall be allocated to such Publisher in respect of such excluded Titles, rights, licences and / or territories.

6.3 A Publisher cannot request that a Title is licensed to the same licensing sector through both CLA and NLA.

7. Distribution Charter review

This Distribution Charter is reviewed by the PLS Board on a regular basis and may be amended from time to time by approval of the PLS Members. Any changes will be notified to Publishers in the PLS eBulletin and published on the PLS website.

8. Definitions used in this Distribution Charter

8.1 ALCS mean Authors' Licensing & Collecting Society.

8.2 Authors means magazine journalists, journal authors, book authors and other writers.

8.3 Authors' Share means the share of collective licensing revenues allocated to Authors in accordance with the Rights Valuation set out in paragraph 1.5 above.

8.4 CLA means the Copyright Licensing Agency.

8.5 CMOs means collective management organisations.

8.6 DACS means the Design and Artists Copyright Society.

8.7 NLA means NLA media access.

8.8 Non-Title Specific Revenue means collective licensing revenue that cannot be allocated to a specific Title by CLA and/or NLA due to insufficient data.

8.9 PICSEL means the Picture Industry Collecting Society for Effective Licensing.

8.10 PLS Account Manager means the online service accessible through the PLS website and through which Publishers are able to manage and update the settings on their PLS Publisher Account.

8.11 PLS Members means together the Association of Learned and Professional Society Publishers, the Independent Publishers Guild, the Professional Publishers Association, the Publishers Association and any other trade association becoming a corporate member of PLS.

8.12 PLS Publisher Account means the contract between a Publisher and PLS which is formed by the PLS Publisher Account Form, the PLS General Terms and Conditions, this PLS Distribution Charter, the PLS Code of Conduct and the Publisher's settings in PLS Account Manager (which the Publisher must keep updated at all times).

8.13 PLS Publisher Account Form means the form Publishers are required to complete and sign when opening a PLS Publisher Account.

8.14 Publishers means publishers who have granted certain reproduction and / or use rights to PLS under the terms of a PLS Publisher Account.

8.15 Publishers' Share means the share of collective licensing revenues allocated to Publishers in accordance with the Rights Valuation as set out in paragraph 1.5 above.

8.16 Regulations means The Collective Management of Copyright (EU Directive) Regulations 2016

8.17 Title means a published book, journal, magazine or website.

8.18 Title Specific Revenue means collective licensing revenue that either CLA or NLA has allocated to a specific Title before remitting it to PLS after deduction of their relevant administration fee as set out in paragraph 3.1 and 3.2 respectively.

8.19 Visual Artists means photographers, illustrators and other visual creators.

8.20 Visual Artists' Share means the share of collective licensing revenues allocated to Visual Artists in accordance with the Rights Valuation set out in paragraph 1.5 above.

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