

§ 383.4

(b) *Minimum fee.* Each Licensee will pay an annual, non-refundable minimum fee of one hundred thousand dollars (\$100,000), payable on January 31 of each calendar year in which the Service is provided pursuant to the section 112(e) and 114 statutory licenses. Such fee shall be recoupable and credited against royalties due in the calendar year in which it is paid.

(c) *Allocation between ephemeral recordings fees and performance royalty fees.* The Collective must credit 5% of all royalty payments as royalty payment for Ephemeral Recordings and credit the remaining 95% to section 114 royalties. All Ephemeral Recordings that a Licensee makes which are necessary and commercially reasonable for making noninteractive digital transmissions through a Service are included in the 5%.

[72 FR 72254, Dec. 20, 2007, as amended at 75 FR 14075, Mar. 24, 2010; 80 FR 36928, June 29, 2015; 85 FR 9664, Feb. 20, 2020]

§ 383.4 Terms for making payment of royalty fees.

(a) *Terms in general.* Subject to the provisions of this section, terms governing timing and due dates of royalty payments to the Collective, late fees, statements of account, audit and verification of royalty payments and distributions, cost of audit and verification, record retention requirements, treatment of Licensees' confidential information, distribution of royalties by the Collective, unclaimed funds, designation of the Collective, and any definitions for applicable terms not defined herein and not otherwise inapplicable shall be those adopted by the Copyright Royalty Judges for Digital audio transmission and the reproduction of ephemeral recordings by Commercial Webcasters in 37 CFR part 380, subpart A of this chapter, for the license period 2021–2025. For purposes of this part, the term “Collective” refers to the collection and distribution organization that is designated by the Copyright Royalty Judges. For the License Period through 2020, the sole Collective is SoundExchange, Inc.

(b) *Reporting of performances.* Without prejudice to any applicable notice and recordkeeping provisions, statements

37 CFR Ch. III (7–1–24 Edition)

of account shall not require reports of performances.

(c) *Applicable regulations.* To the extent not inconsistent with this part, all applicable regulations, including part 370 of this chapter, shall apply to activities subject to this part.

[75 FR 14075, Mar. 24, 2010, as amended at 80 FR 36928, June 29, 2015; 85 FR 9664, Feb. 20, 2020]

PART 384—RATES AND TERMS FOR THE MAKING OF EPHEMERAL RECORDINGS BY BUSINESS ESTABLISHMENT SERVICES

Sec.

- 384.1 General.
- 384.2 Definitions.
- 384.3 Royalty fees for Ephemeral Recordings.
- 384.4 Terms for making payment of royalty fees and statements of account.
- 384.5 Confidential information.
- 384.6 Verification of royalty payments.
- 384.7 Verification of royalty distributions.
- 384.8 Unclaimed funds.

AUTHORITY: 17 U.S.C. 112(e), 801(b)(1).

SOURCE: 73 FR 16199, Mar. 27, 2008, unless otherwise noted.

§ 384.1 General.

(a) *Scope.* This part 384 establishes rates and terms of royalty payments for the making of Ephemeral Recordings by a Business Establishment Service, as defined in § 384.2, in accordance with the provisions of 17 U.S.C. 112(e), during the period January 1, 2024, through December 31, 2028 (the “License Period”).

(b) *Legal compliance.* Licensees relying upon the statutory license set forth in 17 U.S.C. 112(e) shall comply with the requirements of that section, the rates and terms of this part and any other applicable regulations.

(c) *Relationship to voluntary agreements.* Notwithstanding the royalty rates and terms established in this part, the rates and terms of any license agreements entered into by Copyright Owners and Licensees shall apply in lieu of the rates and terms of this part

Copyright Royalty Board, Library of Congress

§ 384.3

to the making of Ephemeral Recordings within the scope of such agreements.

[73 FR 16199, Mar. 27, 2008, as amended at 78 FR 66277, Nov. 5, 2013; 83 FR 60363, Nov. 26, 2018; 89 FR 267, Jan. 3, 2024]

§ 384.2 Definitions.

For purposes of this part, the following definitions shall apply:

Business Establishment Service means a service making transmissions of sound recordings under the limitation on exclusive rights specified by 17 U.S.C. 114(d)(1)(C)(iv).

Collective is the collection and distribution organization that is designated by the Copyright Royalty Judges. For the License Period, the Collective is SoundExchange, Inc.

Copyright Owners are sound recording copyright owners, and rights owners under 17 U.S.C. 1401(1)(2), who are entitled to royalty payments made under this part pursuant to the statutory license under 17 U.S.C. 112(e).

Ephemeral Recording is a phonorecord created for the purpose of facilitating a transmission of a public performance of a sound recording under the limitations on exclusive rights specified by 17 U.S.C. 114(d)(1)(C)(iv), and subject to the limitations specified in 17 U.S.C. 112(e).

Licensee is a Business Establishment Service that has obtained a compulsory license under 17 U.S.C. 112(e) and the implementing regulations therefor to make Ephemeral Recordings.

Performers means the independent administrators identified in 17 U.S.C. 114(g)(2)(B) and (C) and the parties identified in 17 U.S.C. 114(g)(2)(D).

Qualified Auditor is a certified public accountant.

[73 FR 16199, Mar. 27, 2008, as amended at 78 FR 66277, Nov. 5, 2013; 84 FR 32313, July 8, 2019]

§ 384.3 Royalty fees for ephemeral recordings.

(a) *Basic royalty rate.* (1) For the making of any number of Ephemeral Recordings in the operation of a Business Establishment Service, a Licensee shall pay a royalty equal to the following percentages of such Licensee’s “Gross Proceeds” derived from the use in such service of musical programs

that are attributable to recordings subject to protection under title 17, United States Code:

TABLE 1 TO PARAGRAPH (a)(1)

Year	Rate (%)
2024	14.0
2025	14.5
2026	14.75
2027	15.0
2028	15.0

(2) Gross Proceeds as used in this section means all fees and payments, including those made in kind, received from any source before, during or after the License Period that are derived from the use of sound recordings subject to protection under title 17, United States Code, during the License Period pursuant to 17 U.S.C. 112(e) for the sole purpose of facilitating a transmission to the public of a performance of a sound recording under the limitation on exclusive rights specified in 17 U.S.C. 114(d)(1)(C)(iv).

(3) Subject to paragraph (a)(4) of this section, the royalty specified in paragraph (a)(1) of this section for a particular Business Establishment Service offering may be reduced by a percentage corresponding to the “Direct License Share” for such Business Establishment Service offering, as follows:

(i) If the transmissions of the Business Establishment Service offering are entirely made over the internet or the Licensee otherwise is able to count all of its Performances to business subscribers, the Direct License Share for such Business Establishment Service offering is its Performances of directly licensed sound recordings and sound recordings for which no license is required (*e.g.*, sound recordings in which the copyrights are owned by the Licensee) (collectively, “Excluded Recordings”) divided by its total Performances.

(ii) If the transmissions of the Business Establishment Service offering are made to 10% or more of the bona fide subscriber locations of the Business Establishment Service offering over the internet, or the Licensee otherwise is able to count its Performances to 10% or more of bona fide subscriber locations of the Business Establishment Service offering, and the

§ 384.3

37 CFR Ch. III (7-1-24 Edition)

Business Establishment Service offering provides transmissions of a substantially similar set of channels (fairly represented by the countable channels) to other subscriber locations by means that do not allow the Licensee to count Performances (e.g., by satellite with no usage feedback), the Direct License Share for such Business Establishment Service offering is its Performances of Excluded Recordings to the locations where the Licensee is able to count its Performances divided by its total countable Performances to the locations where the Licensee is able to count its Performances. When reporting under §370.4(d)(2)(vii) of this chapter, such total countable Performances of sound recordings that are not Excluded Recordings shall be treated and reported as the “actual total performances” of the Business Establishment Service if the Direct License Share is calculated pursuant to this paragraph (a)(3)(ii).

(iii) If paragraphs (a)(3)(i) and (ii) of this section do not apply, but the Licensee transmits a set of webcast channels substantially similar to and representative of the Business Establishment Service offering to consumers over the internet or by other means that allow the Licensee to count Performances on those channels (“Reference Channels”), the Direct License Share for such Business Establishment Service offering is its Performances of Excluded Recordings on the Reference Channels divided by its total Performances on the Reference Channels.

(iv) Otherwise, the Direct License Share for such Business Establishment Service offering is a fraction calculated on a subscriber location-by-subscriber location basis, or if that is impracticable, on a uniform basis for all subscriber locations, where:

(A) The numerator is the play frequency (as defined in §370.4(b) of this chapter) of Excluded Recordings for the Business Establishment Service offering during a period of time each day as follows:

(1) If the Direct License Share is calculated on a subscriber location-by-subscriber location basis, during a continuous 12-hour period to be selected by the Licensee for each location for the month for which the payment is made,

provided that each such location’s hours of operation fall entirely within the selected 12-hour period, or if such location is in operation for more than 12 hours per day, the selected 12-hour period consists of hours the location is in operation, including its main hours of operation; or

(2) If the Direct License Share is calculated on a uniform basis for all locations, during the hours of 9 a.m. to 9 p.m. local time; and

(B) The denominator is the total play frequency (as defined in §370.4(b) of this chapter) for the Business Establishment Service offering between the same hours as used in the numerator.

(4) The Direct License Share reduction in paragraph (a)(3) of this section is available to a Licensee only if the Licensee provides the Collective, by no later than the due date for the relevant payment under §384.4(c), a list of each Copyright Owner from which the Licensee claims to have a direct license of rights to Excluded Recordings that is in effect for the month for which the payment is made and of each sound recording for which the Licensee takes the reduction, identified by featured artist name, sound recording title, and International Standard Recording Code (ISRC) number or, if the ISRC is not available and feasible, album title and copyright owner name. Notwithstanding §384.5, the Collective may disclose such information as reasonably necessary for it to confirm whether a claimed direct license exists and claimed sound recordings are properly excludable.

(5) For purposes of paragraph (a)(3) of this section, *Performance* means:

(i) Except as discussed in paragraph (a)(5)(ii) of this section, a Performance is an instance in which any portion of a sound recording is publicly performed to a Business Establishment Service subscriber location within the United States (e.g., the delivery of any portion of a single track from a compact disc to one subscriber location).

(ii) An instance in which a portion of a sound recording is publicly performed to a Business Establishment Service subscriber location within the United States is not a Performance if it both:

(A) Makes no more than incidental use of sound recordings including, but

not limited to, brief musical transitions in and out of commercials or program segments, brief use during news, talk and sports programming, brief background use during disk jockey announcements, brief use during commercials of sixty seconds or less in duration, or brief use during sporting or other public events; and

(B) Does not contain an entire sound recording and does not feature a particular sound recording of more than thirty seconds (as in the case of a sound recording used as a theme song), except for ambient music that is background at a public event.

(b) *Minimum fee.* Each Licensee shall pay a minimum fee of \$25,000 for each calendar year of the License Period in which it makes Ephemeral Recordings for use to facilitate transmissions under the limitation on exclusive rights specified by 17 U.S.C. 114(d)(1)(C)(iv), whether or not it does so for all or any part of the year. These minimum fees shall be nonrefundable, but shall be fully creditable to royalty payments due under paragraph (a) of this section for the same calendar year (but not any subsequent calendar year).

(c) *Other royalty rates and terms.* This part 384 does not apply to persons or entities other than Licensees, or to Licensees to the extent that they make other types of ephemeral recordings beyond those set forth in paragraph (a) of this section. For ephemeral recordings other than those governed by paragraph (a) of this section, persons making such ephemeral recordings must pay royalties, to the extent (if at all) applicable, under 17 U.S.C. 112(e) or as prescribed by other law, regulation or agreement.

[73 FR 16199, Mar. 27, 2008, as amended at 78 FR 66277, Nov. 5, 2013; ; 83 FR 60363, Nov. 26, 2018; 84 FR 32313, July 8, 2019; 89 FR 267, Jan. 3, 2024]

§ 384.4 Terms for making payment of royalty fees and statements of account.

(a) *Payment to the Collective.* A Licensee shall make the royalty payments due under § 384.3 to the Collective.

(b) *Designation of the Collective.* (1) Until such time as a new designation is

made, SoundExchange, Inc., is designated as the Collective to receive statements of account and royalty payments from Licensees due under § 384.3 and to distribute such royalty payments to each Copyright Owner, or their designated agents, entitled to receive royalties under 17 U.S.C. 112(e).

(2) If SoundExchange, Inc. should dissolve or cease to be governed by a board consisting of equal numbers of representatives of Copyright Owners and Performers, then it shall be replaced by a successor Collective upon the fulfillment of the requirements set forth in paragraph (b)(2)(i) of this section.

(i) By a majority vote of the nine Copyright Owner representatives and the nine Performer representatives on the SoundExchange board as of the last day preceding the condition precedent in this paragraph (b)(2), such representatives shall file a petition with the Copyright Royalty Judges designating a successor to collect and distribute royalty payments to Copyright Owners entitled to receive royalties under 17 U.S.C. 112(e) that have themselves authorized the Collective.

(ii) The Copyright Royalty Judges shall publish in the FEDERAL REGISTER within 30 days of receipt of a petition filed under paragraph (b)(2)(i) of this section an order designating the Collective named in such petition.

(c) *Monthly payments.* A Licensee shall make any payments due under § 384.3(a) on a monthly basis on or before the 45th day after the end of each month for that month. All monthly payments shall be rounded to the nearest cent.

(d) *Minimum payments.* A Licensee shall make any minimum payment due under § 384.3(b) by January 31 of the applicable calendar year, except that payment by a Licensee that has not previously made Ephemeral Recordings pursuant to the license under 17 U.S.C. 112(e) shall be due by the 45th day after the end of the month in which the Licensee commences to do so.

(e) *Late payments.* A Licensee shall pay a late fee of 1.0% per month, or the highest lawful rate, whichever is lower, if either or both a required payment or statement of account for a required payment is received by the Collective

§ 384.4

37 CFR Ch. III (7-1-24 Edition)

after the due date. Late fees shall accrue from the due date until both the payment and statement of account are received by the Collective.

(f) *Use of account numbers.* If the Collective notifies a Licensee of an account number to be used to identify its royalty payments for a particular Business Establishment Service offering, the Licensee must include that account number on its check or check stub for any payment for that Business Establishment Service offering made by check, in the identifying information for any payment for that Business Establishment Service offering made by electronic transfer, in its statements of account for that Business Establishment Service offering under paragraph (g) of this section, and in the transmittal of its Reports of Use for that Business Establishment Service offering under §370.4 of this chapter.

(g) *Statements of account.* For any part of the License Period during which a Licensee operates a Business Establishment Service, at the time when a minimum payment is due under paragraph (d) of this section, and by 45 days after the end of each month during the period, the Licensee shall deliver to the Collective a statement of account containing the information set forth in this paragraph (g) on a form prepared, and made available to Licensees, by the Collective. In the case of a minimum payment, or if a payment is owed for such month, the statement of account shall accompany the payment. A statement of account shall contain only the following information:

(1) Such information as is necessary to calculate the accompanying royalty payment, or if no payment is owed for the month, to calculate any portion of the minimum fee recouped during the month;

(2) The name, address, business title, telephone number, facsimile number (if any), electronic mail address and other contact information of the person to be contacted for information or questions concerning the content of the statement of account;

(3) The account number assigned to the Licensee by the Collective for the relevant Business Establishment Service offering (if the Licensee has been

notified of such account number by the Collective);

(4) The signature of:

(i) The owner of the Licensee or a duly authorized agent of the owner, if the Licensee is not a partnership or corporation;

(ii) A partner or delegee, if the Licensee is a partnership; or

(iii) An officer of the corporation, if the Licensee is a corporation;

(5) The printed or typewritten name of the person signing the statement of account;

(6) The date of signature;

(7) If the Licensee is a partnership or corporation, the title or official position held in the partnership or corporation by the person signing the statement of account;

(8) A certification of the capacity of the person signing; and

(9) A statement to the following effect:

I, the undersigned owner or agent of the Licensee, or officer or partner, have examined this statement of account and hereby state that it is true, accurate and complete to my knowledge after reasonable due diligence.

(h) *International Standard Recording Codes.* Notwithstanding §370.4(d)(2)(v) of this chapter, the Licensee must use International Standard Recording Codes (ISRCs) in its Reports of Use, where available and feasible.

(i) *Distribution of royalties.* (1) However, in any case in which a Licensee has not provided a compliant Report of Use, whether for the License Period or otherwise, and the board of directors of the Collective determines that further efforts to seek the missing Report of Use from the Licensee would not be warranted, the Collective may determine that it will distribute the royalties associated with the Licensee's missing Report of Use on the basis of a proxy data set approved by the board of directors of the Collective.

(2) If the Collective is unable to locate a Copyright Owner entitled to a distribution of royalties under paragraph (i)(1) of this section within 3 years from the date of payment by a Licensee, such royalties shall be handled in accordance with §384.8.

(j) *Retention of records.* Books and records of a Licensee and of the Collective relating to payments of and distributions of royalties shall be kept for a period of not less than the prior 3 calendar years.

[73 FR 16199, Mar. 27, 2008, as amended at 78 FR 66277, Nov. 5, 2013; 89 FR 268, Jan. 3, 2024]

§ 384.5 Confidential information.

(a) *Definition.* For purposes of this section, “Confidential Information” shall include the statements of account and any information contained therein, including the amount of royalty payments, and any information pertaining to the statements of account reasonably designated as confidential by the Licensee submitting the statement.

(b) *Exclusion.* Confidential Information shall not include documents or information that at the time of delivery to the Collective are public knowledge. The party claiming the benefit of this provision shall have the burden of proving that the disclosed information was public knowledge.

(c) *Use of Confidential Information.* In no event shall the Collective or any other person or entity authorized to have access to Confidential Information pursuant to paragraph (d) of this section use any Confidential Information for any purpose other than royalty collection and distribution and activities related directly thereto.

(d) *Disclosure of Confidential Information.* Access to Confidential Information shall be limited to:

(1) Those employees, agents, attorneys, consultants and independent contractors of the Collective, subject to an appropriate confidentiality agreement, who are engaged in the collection and distribution of royalty payments hereunder and activities related thereto, who are not also employees or officers of a Copyright Owner or Performer, and who, for the purpose of performing such duties during the ordinary course of their work require access to Confidential Information;

(2) Board members of the Collective, and members of the Collective committees whose primary functions are directly related to royalty collection and distribution, subject to an appropriate confidentiality agreement and for the sole purpose of performing their duties

as board or committee members of the Collective, as applicable, provided that the sole Confidential Information that may be shared pursuant to this paragraph (d)(2) is Confidential Information contained in monthly statements of accounts provided pursuant to § 384.4(f) that accompany royalty payments;

(3) An independent and Qualified Auditor, subject to an appropriate confidentiality agreement, who is authorized to act on behalf of the Collective with respect to verification of a Licensee’s statement of account pursuant to § 384.6 or on behalf of a Copyright Owner with respect to the verification of royalty distributions pursuant to § 384.7;

(4) Copyright Owners, including their designated agents, whose works have been used under the statutory license set forth in 17 U.S.C. 112(e) by the Licensee whose Confidential Information is being supplied, subject to an appropriate confidentiality agreement, provided that the sole Confidential Information that may be shared pursuant to paragraph (d)(4) of this section are monthly statements of account provided pursuant to § 384.4(f) that accompany royalty payments;

(5) In connection with future proceedings under 17 U.S.C. 112(e) before the Copyright Royalty Judges, and under an appropriate protective order, attorneys, consultants and other authorized agents of the parties to the proceedings or the courts; and

(6) In connection with bona fide royalty disputes or claims that are the subject of the procedures under § 384.6 or § 384.7, and under an appropriate confidentiality agreement or protective order, the specific parties to such disputes or claims, their attorneys, consultants or other authorized agents, and/or arbitration panels or the courts to which disputes or claims may be submitted.

(e) *Safeguarding of Confidential Information.* The Collective and any person or entity identified in paragraph (d) of this section shall implement procedures to safeguard against unauthorized access to or dissemination of any Confidential Information using a reasonable standard of care, but no less than the same degree of security used to protect Confidential Information or

§ 384.6

similarly sensitive information belonging to the Collective, person, or entity.

[73 FR 16199, Mar. 27, 2008, as amended at 78 FR 66278, Nov. 5, 2013; 83 FR 60363, Nov. 26, 2018]

§ 384.6 Verification of royalty payments.

(a) *General.* This section prescribes procedures by which the Collective may verify the royalty payments made by a Licensee.

(b) *Frequency of verification.* The Collective may conduct a single audit of a Licensee, upon reasonable notice and during reasonable business hours, during any given calendar year, for any or all of the prior 3 calendar years, but no calendar year shall be subject to audit more than once.

(c) *Notice of intent to audit.* The Collective must file with the Copyright Royalty Judges a notice of intent to audit a particular Licensee, which shall, within 30 days of the filing of the notice, publish in the FEDERAL REGISTER a notice announcing such filing. The notification of intent to audit shall be served at the same time on the Licensee to be audited. Any such audit shall be conducted by an independent and Qualified Auditor identified in the notice, and shall be binding on all parties.

(d) *Acquisition and retention of report.* The Licensee shall use commercially reasonable efforts to obtain or to provide access to any relevant books and records maintained by third parties for the purpose of the audit. The Collective shall retain the report of the verification for a period of not less than 3 years.

(e) *Acceptable verification procedure.* An audit, including underlying paperwork, which was performed in the ordinary course of business according to generally accepted auditing standards by an independent and Qualified Auditor, shall serve as an acceptable verification procedure for all parties with respect to the information that is within the scope of the audit.

(f) *Consultation.* Before rendering a written report to the Collective, except where the auditor has a reasonable basis to suspect fraud and disclosure would, in the reasonable opinion of the auditor, prejudice the investigation of

37 CFR Ch. III (7–1–24 Edition)

such suspected fraud, the auditor shall review the tentative written findings of the audit with the appropriate agent or employee of the Licensee being audited in order to remedy any factual errors and clarify any issues relating to the audit; Provided that the appropriate agent or employee of the Licensee reasonably cooperates with the auditor to remedy promptly any factual errors or clarify any issues raised by the audit.

(g) *Costs of the verification procedure.* The Collective shall pay the cost of the verification procedure, unless it is finally determined that there was an underpayment of 10% or more, in which case the Licensee shall, in addition to paying the amount of any underpayment, bear the reasonable costs of the verification procedure.

[73 FR 16199, Mar. 27, 2008, as amended at 78 FR 66278, Nov. 5, 2013]

§ 384.7 Verification of royalty distributions.

(a) *General.* This section prescribes procedures by which any Copyright Owner may verify the royalty distributions made by the Collective; provided, however, that nothing contained in this section shall apply to situations where a Copyright Owner and the Collective have agreed as to proper verification methods.

(b) *Frequency of verification.* A Copyright Owner may conduct a single audit of the Collective upon reasonable notice and during reasonable business hours, during any given calendar year, for any or all of the prior 3 calendar years, but no calendar year shall be subject to audit more than once.

(c) *Notice of intent to audit.* A Copyright Owner must file with the Copyright Royalty Judges a notice of intent to audit the Collective, which shall, within 30 days of the filing of the notice, publish in the FEDERAL REGISTER a notice announcing such filing. The notification of intent to audit shall be served at the same time on the Collective. Any such audit shall be conducted by an independent and Qualified Auditor identified in the notice, and shall be binding on all Copyright Owners.

(d) *Acquisition and retention of record.* The Collective shall use commercially reasonable efforts to obtain or to provide access to any relevant books and

records maintained by third parties for the purpose of the audit. The Copyright Owner requesting the verification procedure shall retain the report of the verification for a period of not less than 3 years.

(e) *Acceptable verification procedure.* An audit, including underlying paperwork, which was performed in the ordinary course of business according to generally accepted auditing standards by an independent and Qualified Auditor, shall serve as an acceptable verification procedure for all parties with respect to the information that is within the scope of the audit.

(f) *Consultation.* Before rendering a written report to a Copyright Owner, except where the auditor has a reasonable basis to suspect fraud and disclosure would, in the reasonable opinion of the auditor, prejudice the investigation of such suspected fraud, the auditor shall review the tentative written findings of the audit with the appropriate agent or employee of the Collective in order to remedy any factual errors and clarify any issues relating to the audit; Provided that the appropriate agent or employee of the Collective reasonably cooperates with the auditor to remedy promptly any factual errors or clarify any issues raised by the audit.

(g) *Costs of the verification procedure.* The Copyright Owner requesting the verification procedure shall pay the cost of the procedure, unless it is finally determined that there was an underpayment of 10% or more, in which case the Collective shall, in addition to paying the amount of any underpayment, bear the reasonable costs of the verification procedure.

[73 FR 16199, Mar. 27, 2008, as amended at 78 FR 66278, Nov. 5, 2013]

§ 384.8 Unclaimed funds.

If the Collective is unable to identify or locate a Copyright Owner who is entitled to receive a royalty distribution under this part, the Collective shall retain the required payment in a segregated trust account for a period of 3 years from the date of distribution. No claim to such distribution shall be valid after the expiration of the 3-year period. After expiration of this period, the Collective may apply the un-

claimed funds to offset any costs deductible under 17 U.S.C. 114(g)(3). The foregoing shall apply notwithstanding the common law or statutes of any State.

[78 FR 66278, Nov. 5, 2013]

PART 385—RATES AND TERMS FOR USE OF NONDRAMATIC MUSICAL WORKS IN THE MAKING AND DISTRIBUTING OF PHYSICAL AND DIGITAL PHONORECORDS

Subpart A—Regulations of General Application

Sec.

- 385.1 General.
- 385.2 Definitions.
- 385.3 Late payments.
- 385.4 Recordkeeping for promotional or free trial non-royalty-bearing uses.

Subpart B—Physical Phonorecord Deliveries, Permanent Downloads, Ringtones, and Music Bundles

- 385.10 Scope.
- 385.11 Royalty rates.

Subpart C—Eligible Interactive Streaming, Eligible Limited Downloads, Stand-alone Limited Offerings, Mixed Service Bundles, Bundled Subscription Offerings, Locker Services, and Other Deliverable Configurations

- 385.20 Scope.
- 385.21 Royalty rates and calculations.

Subpart D—Promotional Offerings, Free Trial Offerings and Certain Purchased Content Locker Services

- 385.30 Scope.
- 385.31 Royalty rates.

APPENDIX A TO PART 385—PART 385 APPLICABLE TO THE PERIOD JANUARY 1, 2018, THROUGH DECEMBER 31, 2022, AS CLARIFIED ON AUGUST 10, 2023

AUTHORITY: 17 U.S.C. 115, 801(b)(1), 804(b)(4).

SOURCE: 84 FR 2031, Feb. 5, 2019, unless otherwise noted.

Subpart A—Regulations of General Application

SOURCE: 87 FR 80453, Dec. 30, 2022, unless otherwise noted.