

## Abstract

### A Study on the Royalty Rate in the License of Public Performance Right

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After the Supreme Court decision that a customized music CD prepared by a commercial music service provider (CMSP) for one of its customers is not a 'commercial phonogram,' more attention is paid to royalty, and pressure on paying royalty, for public performance of music in restaurants, bars, hotels, etc. Most CMSPs in Korea are small-sized and they are in a severe competition with each other. CMSPs need to get licenses from collective management organizations, such as the Korea Music Copyright Association, the Korean Association of Phonogram Producers and the Federation of Korean Music Performers. Those organizations have a monopoly position over CMSPs in the market.

In the U.S., American Society of Composers, Authors and Publishers was founded in 1914 to protect right holders from the unauthorized non-dramatic performances of music in restaurants, bars and hotels. And Broadcast Music Industry was founded in 1939 by members of the broadcast industry to create an alternative to ASCAP.

This article goes over the definition of BG/FG music and its delivery mechanisms. And it examines the types of licensing public performance of music and its royalty setting formulas. Finally, this article proposes some suggestions for the regulation of collective management organizations in Korea.

**Keywords:** Commercial music service provider, Performing rights organization, Collective management organization, Public performance, Royalty, Blanket license, Direct license, Adjustable-fee blanket license, Anti-trust policy