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General Overview

Year 2012 turned out to be groundbreaking and historical in terms of copyright protection in Georgia. Societal attitudes towards this issue have changed radically; public awareness on copyright-related issues has been raised. There are more cases of copyright protection, which in turn decreased cases of copyright infringement. The authors themselves are starting to be more active in terms of copyright protection, in addition, there are more users, who now see the use of unlicensed work as rights' violation.

In the course of 2012, the Association has achieved significant success when it comes to the amount of collected and distributed Royalties, as well as in terms of raising public awareness and decreasing the number of copyright violations. The organization passed to an international standard of management. In 2012, the Association proved to be more efficient as a partner for authors and users, than ever before. Because of the effective work carried out by the Association, the number of licensed users has grown significantly, as well as the number of authors, who now have more financial benefits from their work, than before 2012.

On May 20, 2012, the General Assembly (GA) of the Association elected a council of authors and performers, consisting of 11 members. It is a parity council with members

from all fields of artistic and authors work. The main function of the council is to support the activities carried out by the association, provide consultations and the guidance, in case of necessity prepare recommendations, present proposals and recommendations aimed at improving the work of the Association to the GCA Board.

Agencies of the executive branch of our government and international organizations present in the country are still actively involved in the process of copyright protection, which is one of the main contributors to our success in this field.

Systematization of the information and Contracts

There is an increased amount of information about members and relevant works within the Association. We pay particular attention to the regular systematization of the information, precision, updating, and precise listing of the registered works in our database.

Unlike before, when only the members of association could be assigned unique identification numbers (IP), since 2012 it is possible to assign a special number even to the work registered by our authors and register those works in the international database. This makes it easier, on the one hand to identify the authors and works for our foreign partner organizations, and, on the other hand, it enables the Association to swiftly identify and allocate honoraria according to the programs provided by the users. This mechanism is currently being brought in line with the international standards.

In 2012 the level of trust towards the organization has also increased, as well as the number of people who manage the realization of their rights through our Association. In 2012, the Association received 230 new members and the number of overall members has reached 694.

Number of the GCA members

741

536

01.01.2012

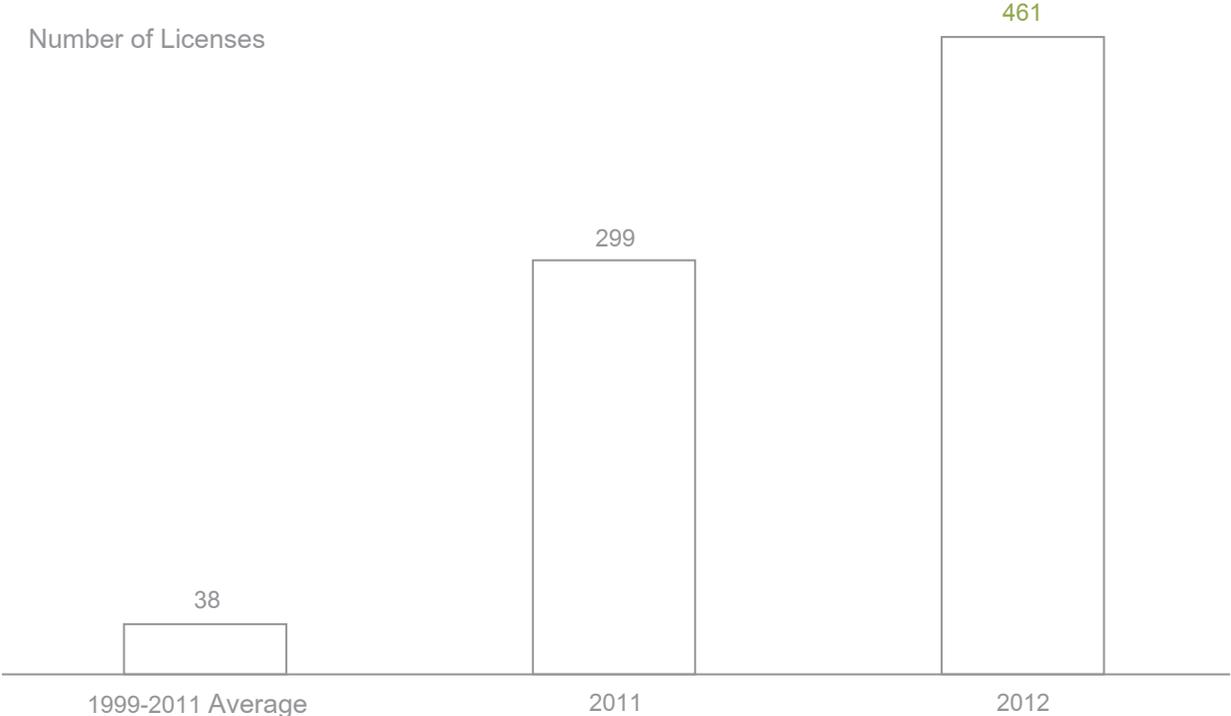
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Licensing and Tariffs

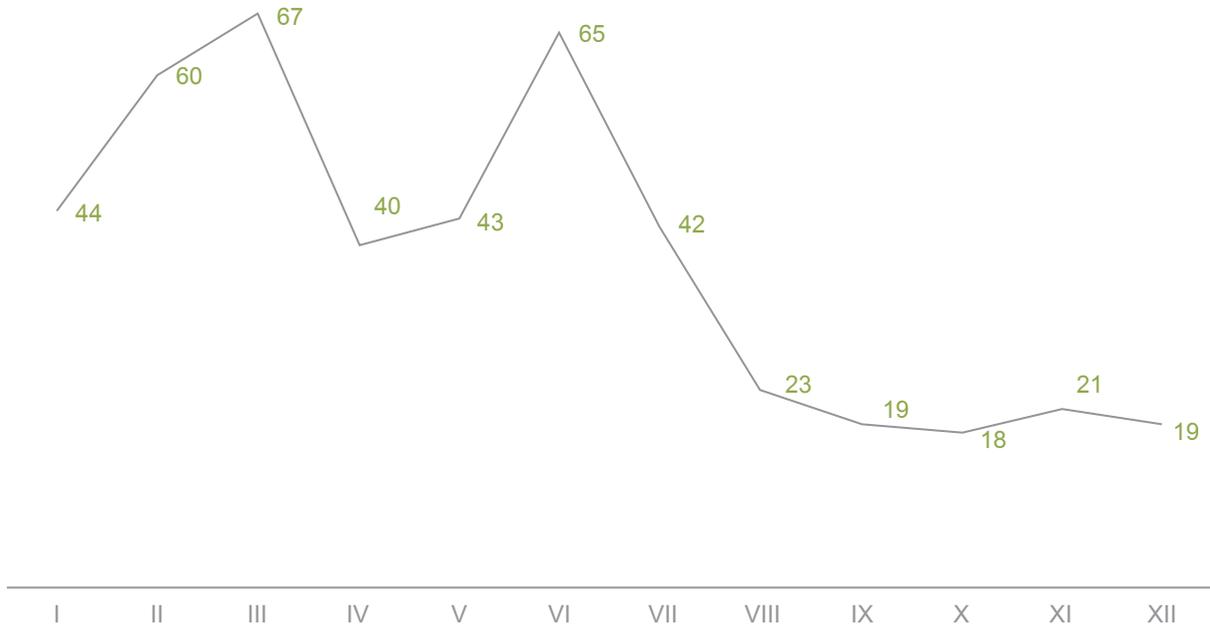
One of the main criteria for successful work of the Copyright Association is the growing number of issued licenses and maximum coverage of the copyright market. Our organization has strengthened its work in this direction and started to cover almost all the segments of copyright use. We have completed the process of identification of tariffs for each sphere of interest. As a result of long negotiations, for the first time in Association's history, we have managed to cover the large segment, such as TV broadcasting companies and Cable Operators, as well as internet selling.

We have covered almost all the radio broadcasting companies across Tbilisi, as well as book publishers, sound recording companies and HoReCa (food establishments, hotels) sector. We have completely covered show organizing sector and theatres on the regional level. The permissions were issued for other segments of use and consequently copyright use is being carried out in legal frames almost in all the above-mentioned fields. Throughout 2012, the Association has issued 460 licenses, which is 12 times higher than in previous years.

Number of Licenses



Number of the Licenses by months



Collection and distribution of Royalties

The Association has achieved significant success in terms of royalties distribution. The fees collected throughout 2012 exceed the historical annual average six times and this amount is double as much as we received in 2011. Although equally important is the correct and just distribution, which used to be a weak side of the Association before 2012. We have carried out significant reforms in this field:

With financial support from the EU Delegation in Georgia, we purchased the special computer software (CoSIS), through which we can exercise control over local and international author and work database. We also began to integrate Georgian authors and their work, which enables the passing of Association's distribution system to modern standards.

In order to obtain complete programs from users, segmental meetings were held. Program forms and methods of handing over the programs were elaborated and agreed on, which makes it significantly easier to allocate honoraria. We are currently working on establishing a registration system.

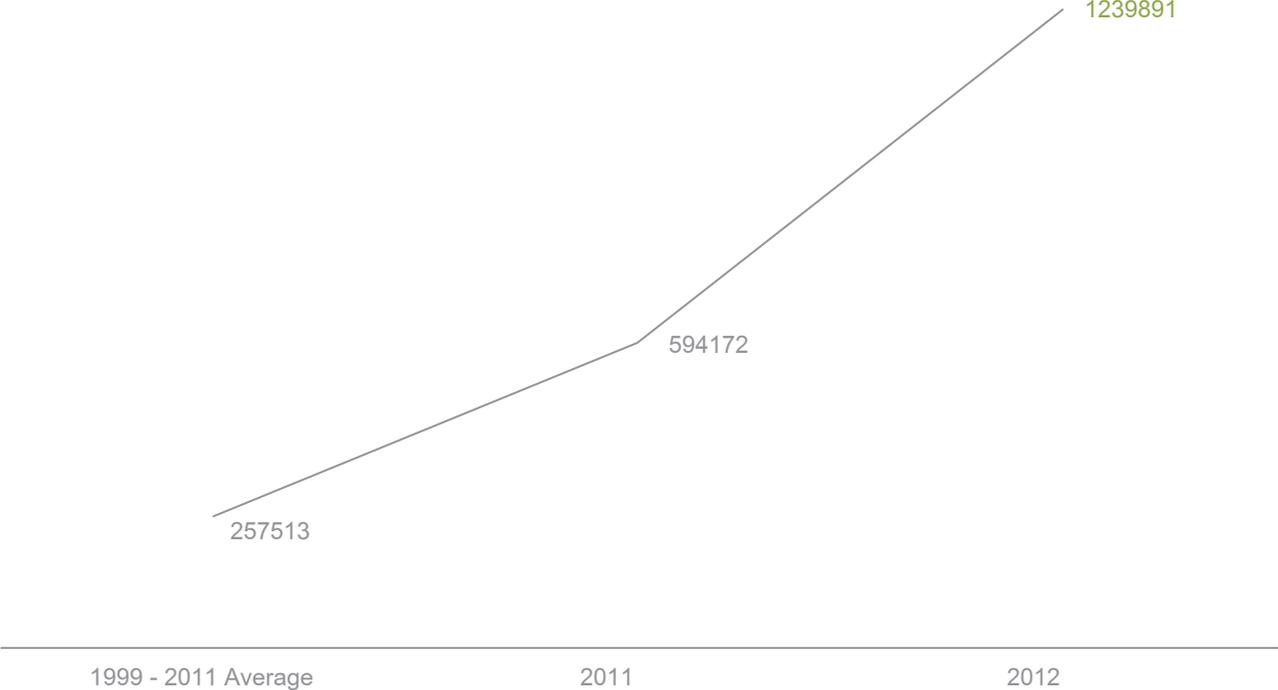
With the immediate participation of foreign experts, a guideline called "distribution rules" was allocated, which defines in detail rules of registration of a work, program

provision and identification of relevant rights holders based on these programs, principles of royalty distribution among the rights holders, methodology of calculation and distribution of royalties and many others. We have defined the fixed period for royalty distribution – once in every 3 months.

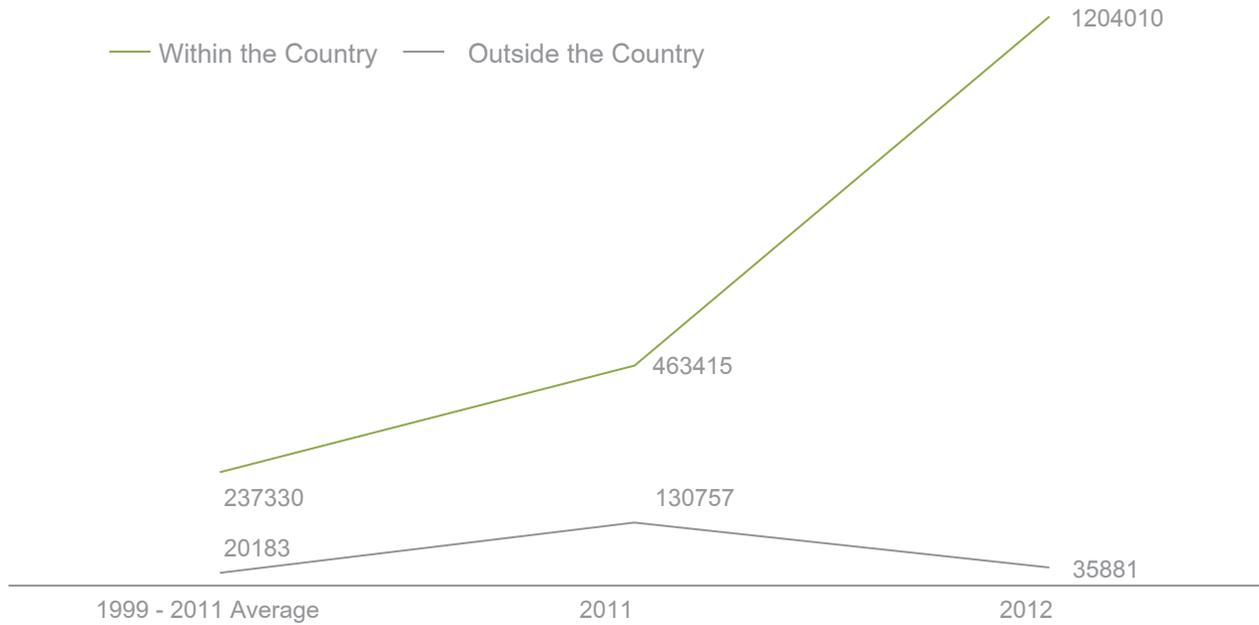
In 2012, the employees of the Association underwent relevant trainings both, in Georgia with the help of foreign experts invited through participation of international organizations, and abroad.

The activities that were carried out provided the possibility to form a unified system of distribution and establishing a just mechanism for honoraria distribution, which is the criterion that directly defines efficiency of the Association.

The Amount of Royalties Collected



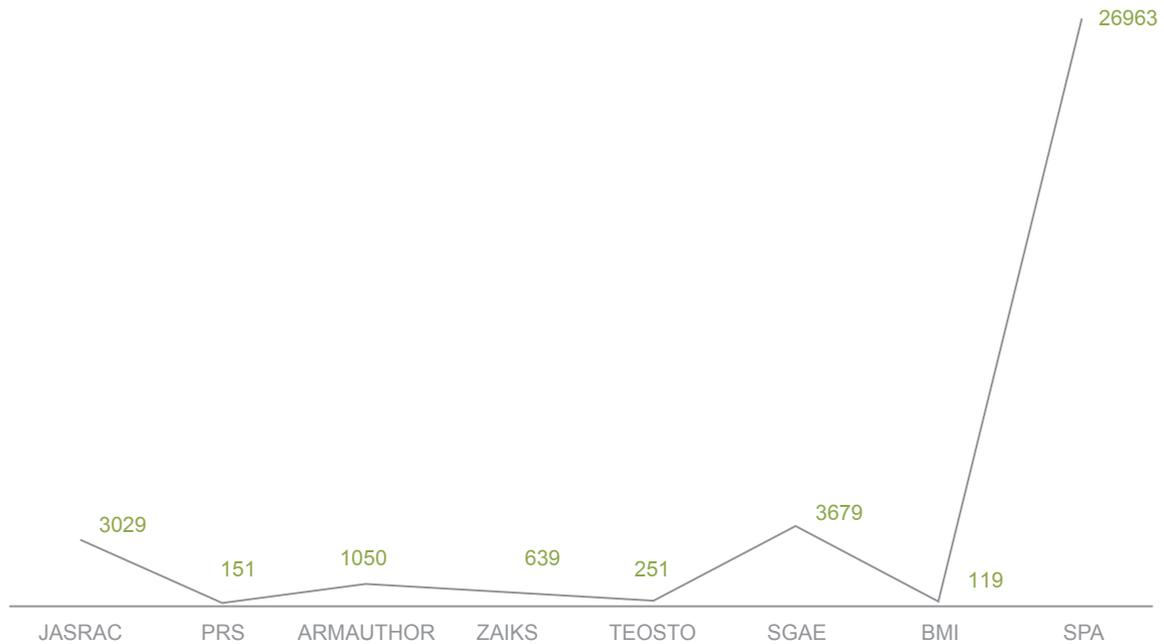
The Amount of Royalties Collected



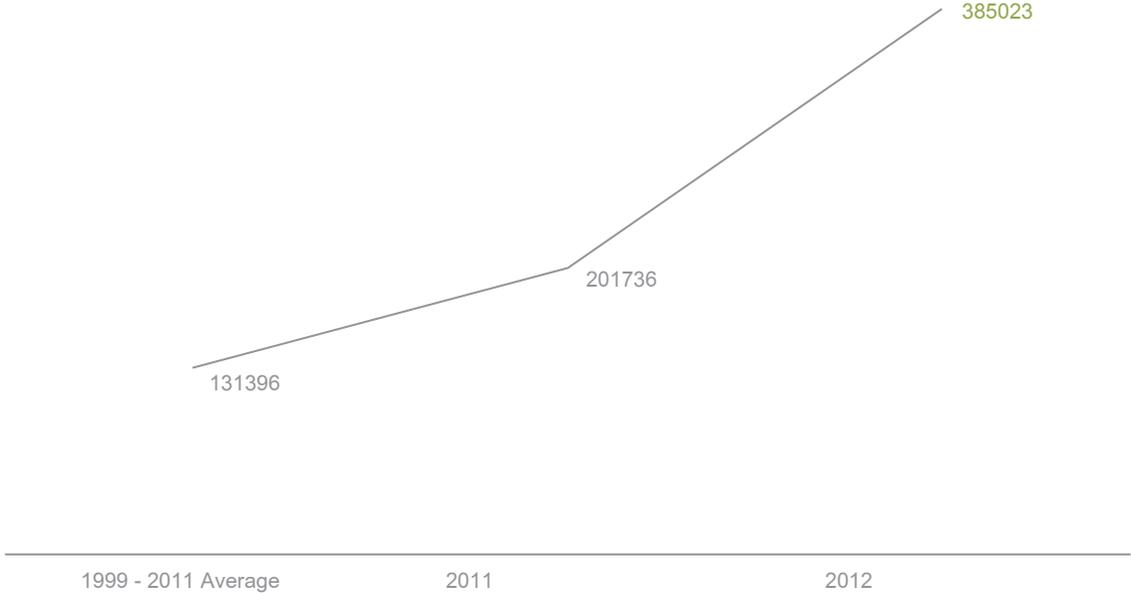
The Royalties Collected Within the Country by Months



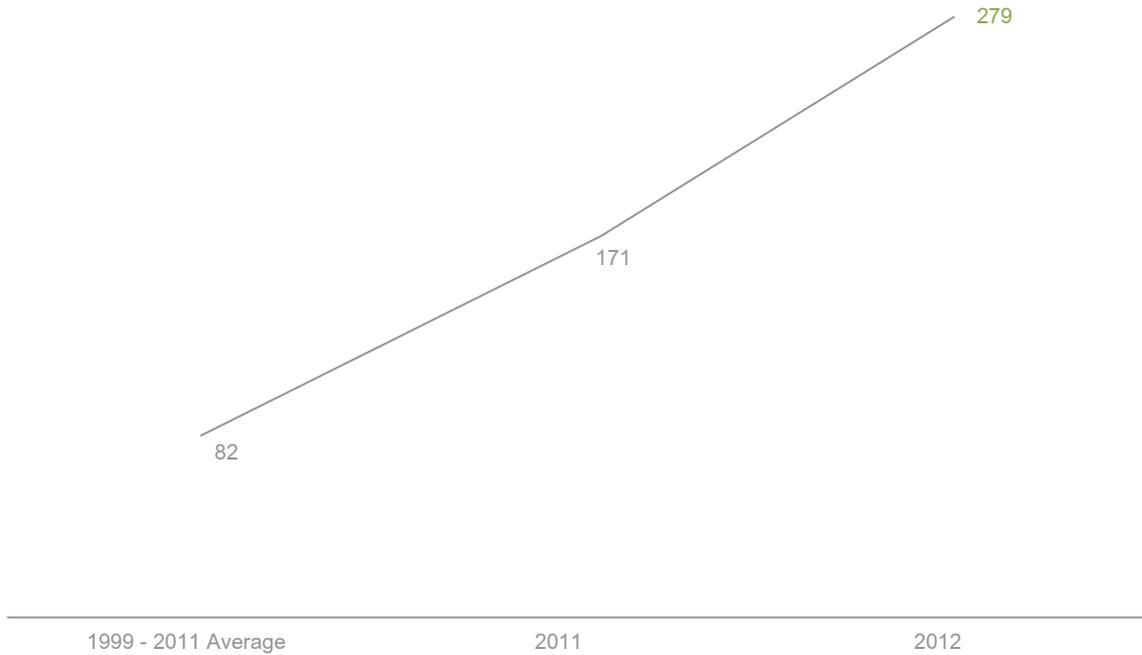
The Royalties Collected Outside the Country According to the Societies



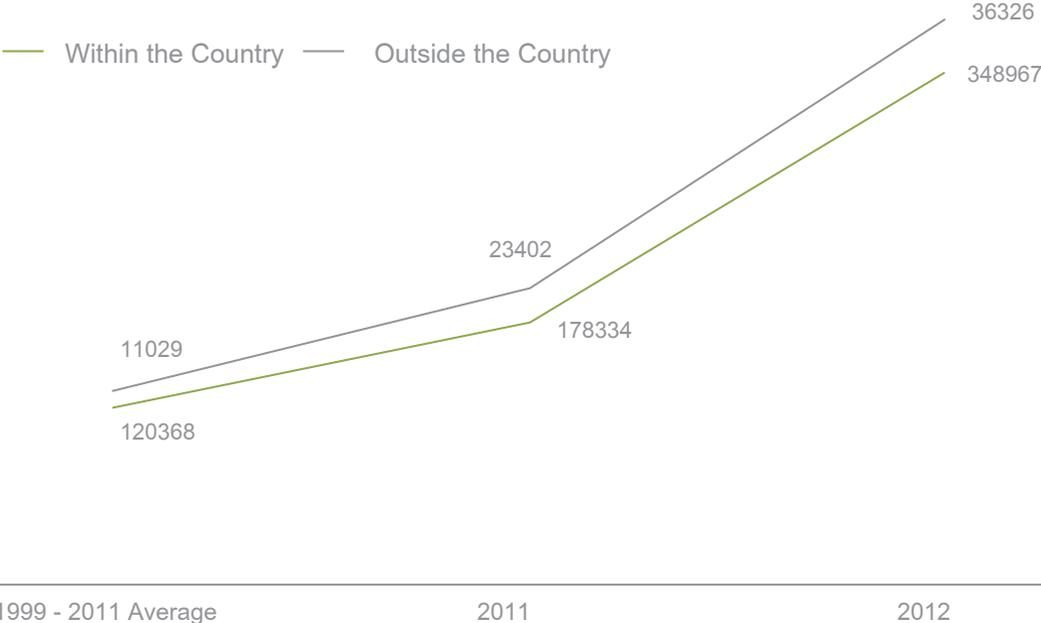
The Royalties Distributed



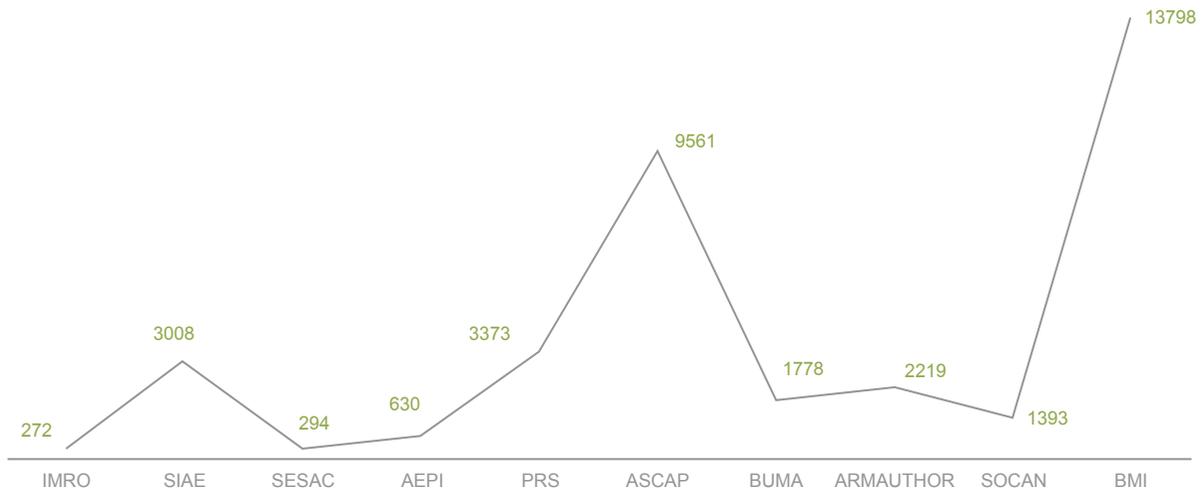
The Royalties Distributed According to the GCA Members



The Royalties Distributed



The Royalties Distributed Outside the Country According to the Societies



Publicity and Transparency

One of the priorities of the Association is the maximum transparency, which is why the information about our Association can be accessed in different ways.

Association's website is fully functional, and contains all the detailed information. We actively use the online control mechanism of royalty collection and distribution, which helps the members control their own financial conditions.

All the important events and news regarding the Association are covered by media and the information is spread through the Association's Facebook page.

The Association annually publishes detailed report of the activities and refers it as defined by law, to the National Intellectual Property Centre of Georgia "Sakpatenti".

The report is also forwarded to the international umbrella organizations (CISAC, IFRRO, BIEM) and is later published on their official websites.

Public Awareness

In 2012 the Association actively worked on raising public awareness in the copyright field. We systematically provided the society with relevant information on copyright protection. Public meetings were held with potential users and authors. Authors participated in the thematic discussions, which aimed at discussing problems existing in the field and finding relevant solutions. In order to inform the public better, representatives of the Association travelled to the regions, where they held presentations. Several events and concerts were held in Tbilisi and in the regions. We continue to publish the “Copyright” magazine, which aims at spreading information on the field of intellectual property in Georgia and abroad, as well as it covers the cultural processes in Georgia. The work of the Association is actively covered by the media. Several popular TV and radio shows were dedicated to the issue of copyright.

With financial help from US Commercial Law Development Program (CLDP), Georgian judges and lawyers underwent training. The Training was attended by a judge from the USA, who shared American experience with Georgian colleagues.

An international conference, attended by Georgian authors and representatives from our neighboring countries, was held with support from CISAC, IFRRO, WIPO.

For the first time in Georgian reality, the Association together with the Law faculty of Tbilisi State University and in cooperation with Chicago and Calabria Universities created a teaching program called “International Copyright Law”. This Program was implemented by Georgian, as well as internationally recognized, top-10, American and Italian experts. Several of the graduates of the program are now interning at the Association.

Prevention of Infringement

In order to outline and eradicate the infringements, the Association collaborates closely with relevant governmental agencies. A relevant monitoring mechanism was elaborated and established within the Association. With the help from the monitoring group the systematic checking of violations is carried out and relevant measures are taken.

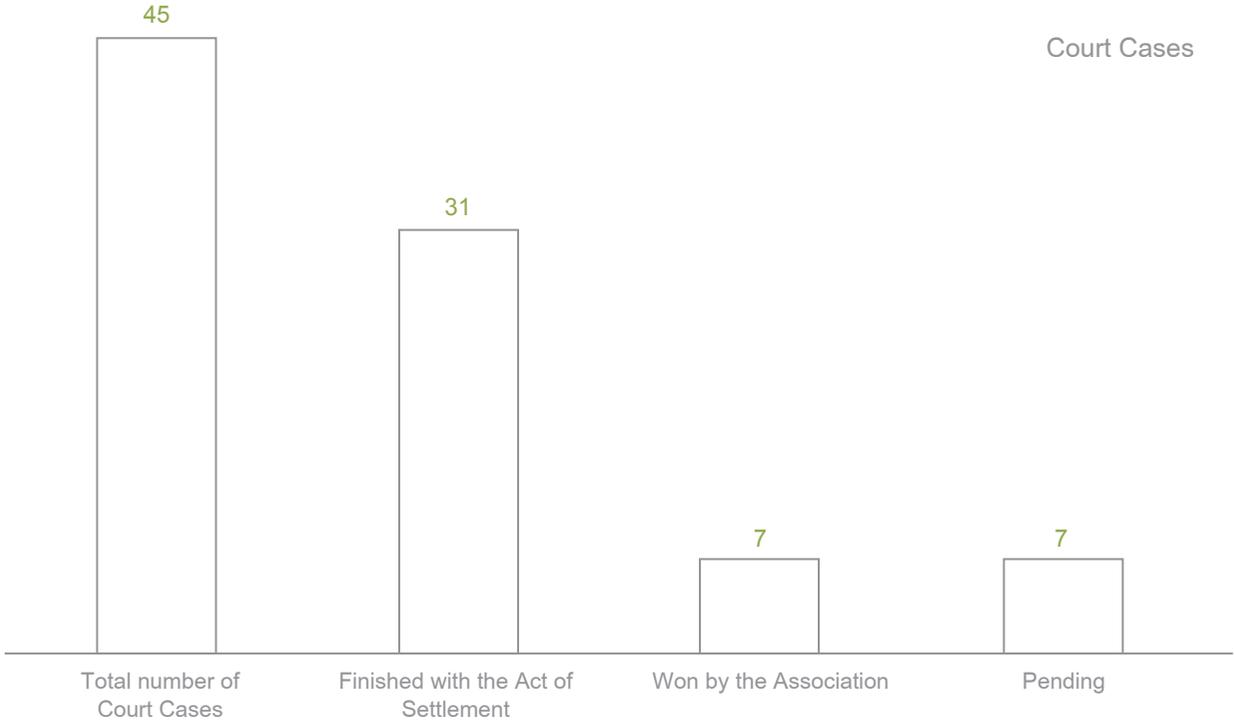
In 2012, the Association established a mechanism of litigation committees. Different problematic issues between authors/rights holders and users, are considered with the help of the especially established commissions. The commissions consist of competent professionals in the relevant field. The names of members of the committee remain confidential until the conclusion is issued. The conclusions issued by the commission are of an advisory nature and are not legally-binding. In 2012, the Association found it necessary to assemble four such commissions, which discussed several problematic litigations regarding copyright protection. None of the conclusions issued by the commissions were appealed in court.

Internet piracy is still a problem in our country, as well as high level of illegal market of physical (CD/DVD) distribution. Although regarding this latter issue some effective

actions have been carried out. State-administrational agencies (relative departments of the Ministry of Finances, court system, and Ministry of Internal Affairs), are more actively involved in the copyright protection process. The mechanisms of the enforcement are more active, which means, that an increased number of relative cases was taken to court.

Legal Cases

In 2012, with the demand of licensing contract and royalty payment the Association started 45 legal cases, out of which 31 cases were settled, 7 ended with Association's victory, while 7 will end in 2013.



International Cooperation

In 2012 the Association continued to cooperate with the international donor organizations and partner organizations abroad, whose support helped the GCA to carry out many important projects.

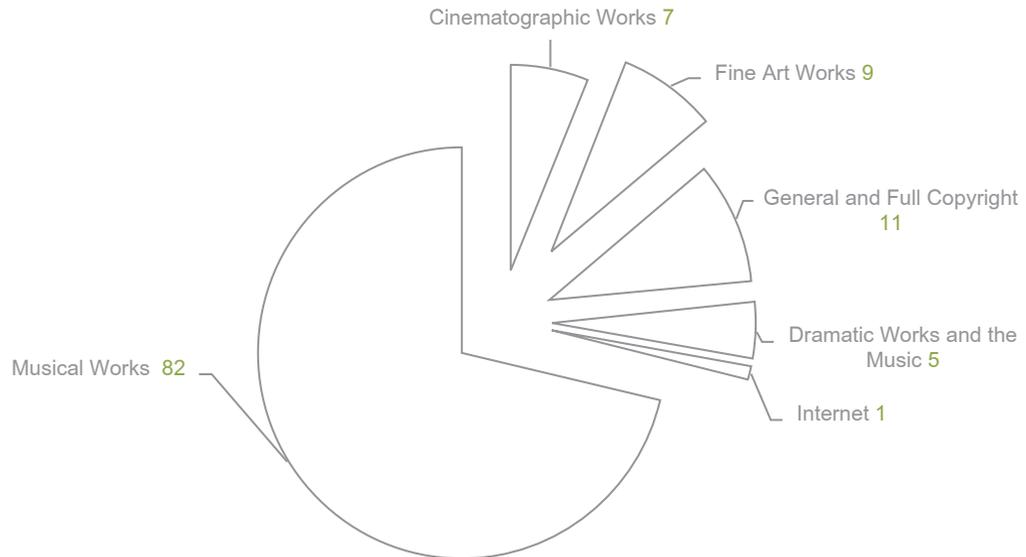
Representatives of the Association, with financial support from the US Embassy in Georgia, EU delegation, USAID, CLDP and other donors, as well as CISAC and IFRRO had a possibility to travel on study trips abroad, where they learned about existing practice and experience. An international conference and various seminars were held, discussions were arranged. Alongside with other activities, further publication of Copyright Magazine was financed.

In order to broaden spheres of coverage on an international level, the Association outlined new priorities and which were placed on the top of the agenda. These priorities regard agreements of mutual representation with new partner organizations. The Association initiated important negotiations regarding reproduction rights management with performer rights protection organizations, as well as with organizations, which own audio-visual rights.

In 2012 the Association signed 10 new contracts with different partner organizations. Also, in order to broaden the coverage area, the existing contracts were updated and new conditions were defined, which in future will make cooperation of Georgian and international organizations more active and will increase the amount of honoraria that Georgian authors receive from abroad.

By the end of 2012, the association counts 115 international contracts with more than 150 countries and territories worldwide, based on which the Association works with more than 3 million members and monitors their work usage in Georgia.

International Agreements According to the Segments



Summary

In 2012, the efficiency of the Associations work has significantly increased. We have overcome the significant portion of problems, which has positively reflected on the indicator of the copyright protection in our country.

Despite this, there are still many problematic issues, which regard allocation of honoraria, also eradicating infringements and further prevention. In order to be able to overcome these problematic issues, the active involvement of the authors themselves is of utter importance, including the reporting of each case of rights violation from their side. The functional work of state agencies and international organizations is also highly significant. We are hopeful, that all the members of the society will support us, which would enable the full protection and a functional model of copyright protection in Georgia as well as establishing the culture of using the intellectual property.