



Songtrust®

THE MODERN GUIDE TO MUSIC PUBLISHING

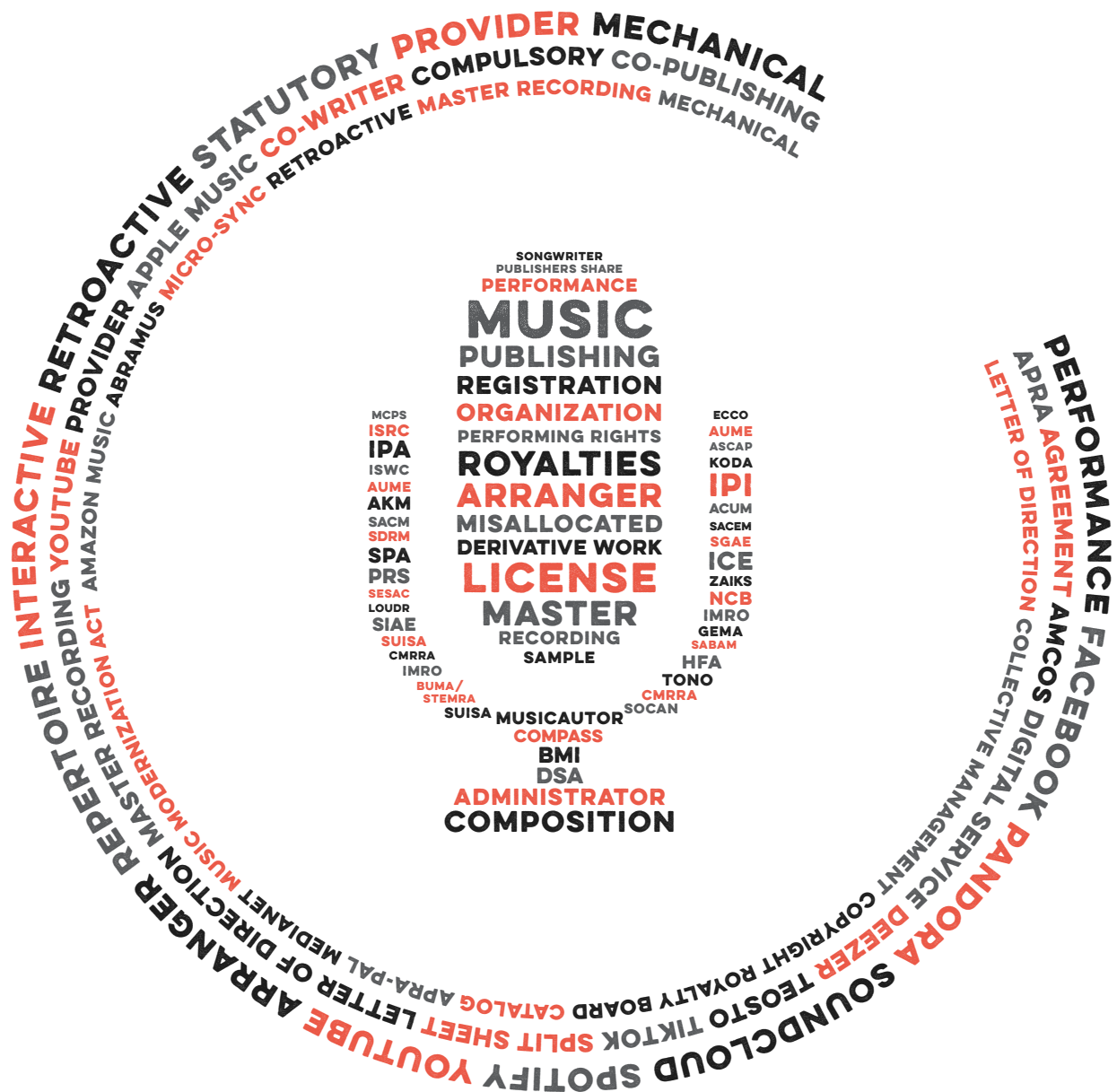




TABLE OF CONTENTS

- 1. Welcome to the Modern Guide to Music Publishing**
- 2. The Two Halves of a Song**
 - a. Composition and Recording
- 3. Breaking Down the Composition of a Song**
 - a. What does a composition entail?
 - b. What is a copyright & what rights do you earn?
- 4. Let's Get into Music Publishing**
- 5. The Heart of the Matter: A Deep Dive into Music Publishing Royalties**
 - a. What are the different types of royalties?
 - b. How are songwriters paid?
 - c. What is a license?
- 6. Global Music Publishing Royalty Collection: How does it Work?**
 - a. What do collection societies do?
- 7. Which Music Publishing Situation is Right for Me?**
 - a. How does the money your songs earn get from the collection society to the songwriters?
- 8. Songtrust: Access What You're Due**
- 9. What's Ahead: The Future of Modern Music Publishing**
- 10. Glossary**





WELCOME TO THE MODERN GUIDE TO MUSIC PUBLISHING

There's never been a more exciting time to be a music creator. According to [MIDI A Research](#), the number of artists releasing their music directly to the world grew by 35 percent in 2018, faster than any other segment of the music business. The increase in access to creative tools coupled with new and innovative distribution models has resulted in more original songs being composed, released, and listened to around the world. With every new composition and recording, a chain of rights are created and, ultimately, royalties are earned. Getting these royalties to those who have earned them is an elaborate system further complicated by the global network they touch.

And music publishing? Forget it. We hear from songwriters, musicians, producers, labels, and even managers who say, "I just can't wrap my head around publishing, and I've pretty much given up trying." The common refrain is that it's really tough for music creators to understand how their songs can create meaningful income and fuel a viable career. And often significant portions of what music creators earn are left on the table because they haven't registered their work. We're here to change that narrative and help you access what you're due.

This guide is intended to answer a key question:

What do creators need to know to be successful?

The answer is complex, but our goal is to make it as clear, transparent, and understandable as we possibly can.

**THIS GUIDE IS
INTENDED TO ANSWER
A KEY QUESTION:**

WHAT DO CREATORS NEED TO KNOW TO BE SUCCESSFUL?

We're addressing this topic because helping music creators succeed is the reason we go to work every day. Songtrust is more than just a rights management platform and publishing **administrator**: we're a team of experts in the music community who strive to educate, support, and encourage creators, representatives, and businesses across the music industry.

We hope that you'll finish this guide with a better understanding of the business behind songs and that you'll have actionable resources for reaching your goals. We've included an extensive glossary, too, to help make often-opaque terminology more transparent; if you see a term highlighted in the text, you'll find it explained in the glossary at the end of the book.

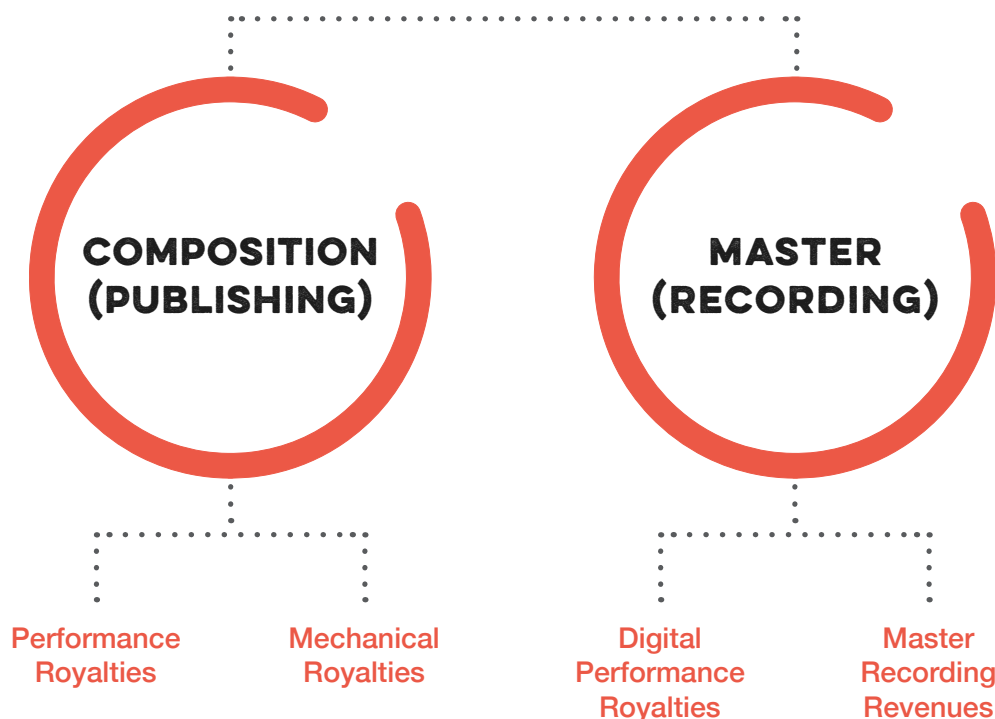
Over the next few chapters, you'll gain a deeper understanding of the complexities of the general music royalties landscape, and music publishing specifically. This fundamental knowledge to further your career as a creator. Are you ready to get started?



THE TWO HALVES OF A SONG

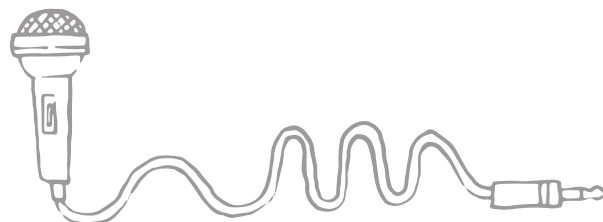
According to urban lore (otherwise known as a quick internet search), the most recorded song in history is “Yesterday,” written by Paul McCartney of The Beatles. Paul wrote this song on his own (although it’s credited to both him and John Lennon), and The Beatles recorded the famous version you’re likely hearing in your head right now. But hundreds, possibly thousands, of other recording artists have made and released their own versions of this classic. This is a perfect example of how an original song is broken down into two parts (or halves): the composition and the master recording.

ORIGINAL SONG

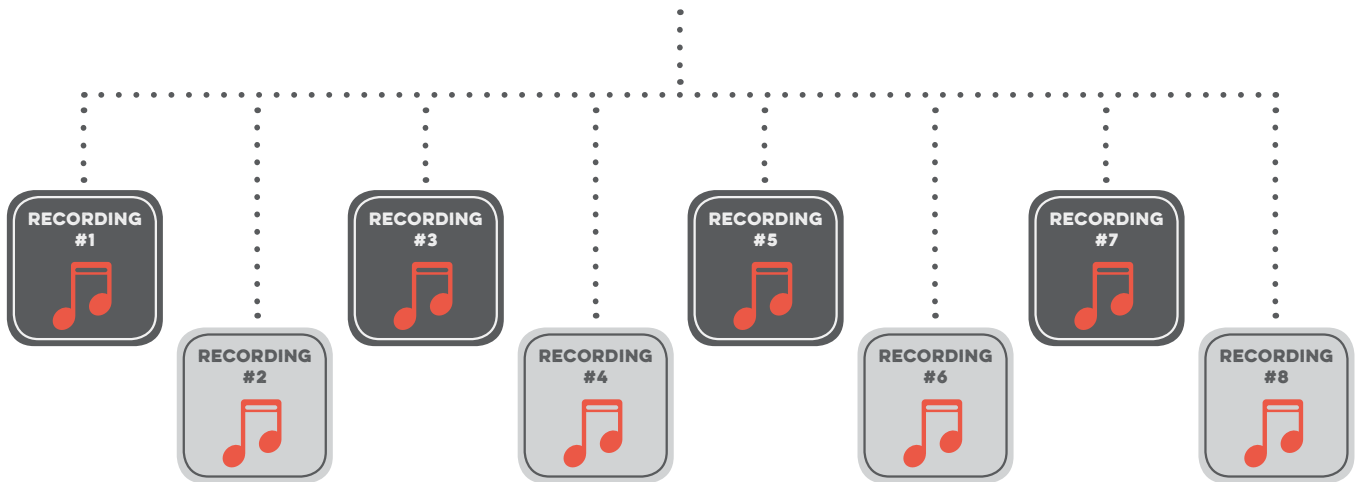


INDUSTRY INSIGHT

There are two halves to a song: the composition and the master recording. While there is always one composition, there can be several recordings for one song.



“YESTERDAY” (COMPOSITION) BY PAUL MCCARTNEY



The **composition** refers to the unique qualities that define a song, such as its lyrics, melody, and structure. The composition copyright (or ownership) belongs to the songwriter(s) and their respective publishers; they both collect composition royalties—performance and mechanical—which we’ll get into later.

The sound recording represents one specific recording of a song, known as the **master recording**. A single composition can have many master recordings (e.g., live versions, radio edits, or covers), and these master recordings can be controlled by different labels or artists. Master recording royalties are collected by your distributor and/or your label.

Anyone who creates original music is a **songwriter**, and every songwriter can collect money—called **royalties**—when their music is used. It doesn’t matter what genre the music is, and it doesn’t matter what

the songwriter’s title is (composer, producer, band member, film/television writer, DJ, etc.). Anyone who writes or co-writes an original composition or song, and/or any owner of an original composition or song, is due royalties when their music is used. And unless a songwriter signs a formal publishing deal or works with an administrator—which we’ll discuss in more depth later—they’re considered their own publisher.

Seems simple, right? Ultimately it is, but a lot of confusion arises when you get into the details of how songwriting royalties are collected and paid out to songwriters. As long as you understand this idea—that your song is split into two parts and both earn money in different ways—you’re already ahead of a majority of the industry.

Let’s dig into this a little more.



BREAKING DOWN THE COMPOSITION OF A SONG



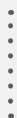
What **HAPPENS** when you write a song?

Song = Tangible Form
You = own the copyright
and are the publisher



What **RIGHTS** do you get?

Reproduce the work
Distribute copies of the work
Perform the work publicly
Make a derivative work
Display the work publicly



What **ROYALTIES** are generated?

Mechanical
Performance
Micro-Sync

Did you know John Lennon, another Beatle and one of the most important songwriters in history, wrote his first song at 18? It was called “Hello Little Girl,” and went on to become a UK top 10 hit for British Merseybeat group The Fourmost almost five years later. To better understand what happened after Lennon finished writing his song, we have to start at the beginning.

When you write a song and record it in any format, you automatically earn ownership of that piece of work as well as a set of rights to use that work in a variety of ways. Copyright law protects songwriters by giving them exclusive rights to grant or deny the reproduction, distribution, or performance of their work. When that work is shared and engaged with by the public, the recording of that song starts to generate royalties.

As well as creating and owning the songs, you become the publisher of your songs. Yes, you read that right: right out the gate, you are your own publisher. **Music publishing** refers to the business of making money as the copyright holder of the music you write. In an ideal world, you’d write an original piece of music; get a physical and/or digital copy of the song; release it to where music fans would buy, stream, or hear it on the radio; and, along with your ownership and rights, you’d start collecting money on that song. In practice, it doesn’t always work out that way.

When you write an original song, have a physical or digital copy of it, and correctly register it with the appropriate societies (and ideally start marketing your music to the public), you can start earning royalties on that music, both for the recording and the composition of the song. For many songwriters publishing royalties are their most consistent and dependable source of income.



WHAT RIGHTS DO YOU GET?

REPRODUCE the work

.....

DISTRIBUTE copies of the work

.....

PERFORM the work publicly

.....

MAKE a derivative work

.....

DISPLAY the work publicly

What's more, "being discovered"—and therefore earning income from your music—no longer depends upon an established music publishing company pitching music to exclusive connections. Advances in digital music distribution and streaming services have made it possible for independent artists to make their music available to a worldwide audience with the click of a few buttons. And it's now possible for a songwriter to maintain 100 percent ownership of their work, publish their own music, and collect global royalties on that music.

Despite that, collecting what you earn is complicated by the fact that every country has its own set of rules and regulations about how publishing royalties are calculated, and it's nearly impossible to get a straight answer about how that's done. We'll explain it more as we dig into the global network of collection societies in a few chapters.

WHAT IS A COPYRIGHT, AND HOW DOES IT AFFECT ME?

Copyright refers to rights granted by law to the creator of an original work. Copyright ownership is divided, as we mentioned earlier, into two parts—the sound recording and the underlying composition—and both parts collect royalties, albeit differently.

A common misconception is that a songwriter doesn't actually own their work until they've registered it formally, for example, with the U.S. Copyright Office. That's not correct. The moment you decide that the song you've been creating is finished and it exists in some tangible form, such as a lead sheet or a recorded demo, it's your intellectual property. You automatically own the copyright for that composition. There are, however, circumstances in which you may want to file a formal copyright. When in doubt consult legal advice or the copyright office.

CO-WRITING

The "solo act" isn't the typical songwriter scenario anymore. It's increasingly common for songwriters to work on songs together, the collaborators commonly called **co-writers**. Your co-writer(s) could be a fellow songwriter, a band member, a producer or **arranger**, or someone who works on the song in another capacity. Each songwriter owns a percentage of the song and the publishing rights, and they're entitled to publishing royalties based on that ownership. This is established in the form of an agreement between the songwriters. These agreements, or **split sheets**, of royalty terms are referred to as "splits." All writers must agree on them.

FIGURING OUT SPLITS

There are a lot of simple collaborative scenarios. For example, say four people in a band sit in a practice space for ten hours a day. Every day they work on a song and each band member (yes, even the drummer) shares in the creative work. Many bands share things equally, even the lyrics, because of the spirit and ethos of the group. Others have a principal songwriter who might cut in another member for a smaller percentage for contributing a guitar riff or a unique beat. Other songs, including the infamous “Uptown Funk,” have very complicated writer contribution breakdowns that can take legal support to work out.

Which is why when you’re collaborating on songs, it’s important to decide on the splits as you write the song or as soon as all writers agree that the song is finished. The split percentages, after all, determine how much each songwriter will be paid for their contribution.

It’s also important that all co-writers agree on when the song was actually finished. For instance, is it done when you finish writing the core composition in your rehearsal space, or will the producer or session musicians who arrange parts of the song during a recording session

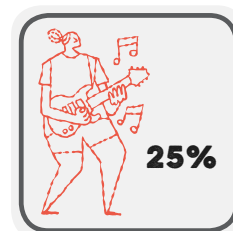
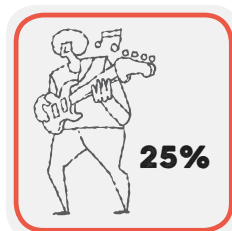
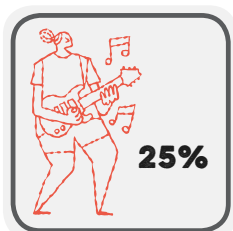
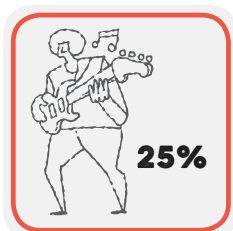
also receive writing credit? While it might seem awkward to address these topics during the creative process, doing so can prevent future confusion. You’re in the business of creativity, after all—so don’t forget the business.

As mentioned earlier, a good way to set this in stone is to get it in writing in the form of a split sheet. While having a formal **copyright registration** isn’t completely necessary (remember, as intellectual property a song is copyrighted as soon as it’s created) it can be helpful if you’re ever involved in a lawsuit regarding the use of your intellectual property.

Once a song becomes a joint work, meaning that you and your collaborators have agreed that you’re co-writers and therefore co-owners of the song and its copyright, the work becomes a unitary whole. This means there is no differentiation between the music and lyrics. If you’ve decided to split a song 50/50 between two writers because one produced the recording and the other wrote the music, both writers now own 50 percent of the publishing. You’re going to want that figured out before this next part, so we’ll wait while you and your bandmates get your splits in order.



SOLO CREATOR: 100% OWNERSHIP

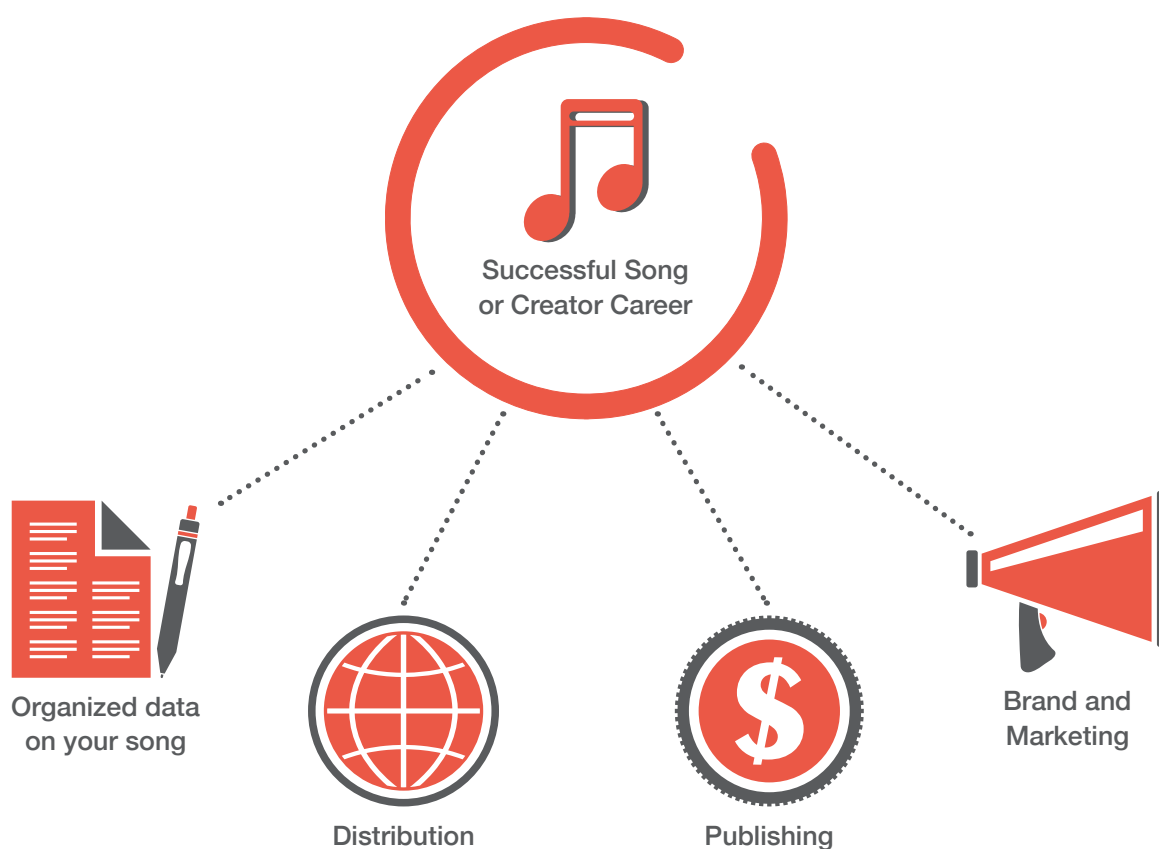


MULTI-WRITER (BAND) SCENARIO: 100% OWNERSHIP



LET'S GET INTO MUSIC PUBLISHING

As a songwriter, it's good to be aware of how elements of the broader music industry affect you and your songs. It's not as simple as finishing your song, releasing it into the universe, and voilà, royalties show up in the mail. Arguably the most important element to know about if you'd like to get paid for the use and performance of your songs—which you rightfully should!—is music publishing.



While there exists a variety of publishing situations, which we'll cover in more depth later, it's important to understand the ultimate goal of music publishing. A music publisher (or publishing company) is the designated party that receives payment on behalf of songwriters when their compositions earn royalties. Traditionally a songwriter's relationship with a publisher would originate with an agreement that provides the songwriter payment in advance of the royalties being generated in exchange for giving the publisher partial or complete ownership of those compositions. Additionally, the publisher is responsible for maximizing the commercial potential of those compositions through licenses in films, television programs, advertisements, or other opportunities.

This is often referred to as a **co-publishing** agreement and has been the most common publishing deal historically offered to songwriters. In exchange for a portion of your publishing ownership, the songwriter receives an advance on future royalties and a partner to maximize the commercial **exploitation** of the works. The writer typically retains 100 percent of the writer's share. During the term, which can vary, the writer might be required to fulfill certain obligations, such as writing a minimum number of songs that are commercially satisfactory, or they might have to work within certain frameworks, such as that their songs must be recorded and released by an artist on a specific type of label.

Because the publisher takes partial ownership, they have more of an incentive to support the compositions and generate royalties from them. They might do this in a number of ways, such as pitching them to music supervisors for synchronization in television, film, and advertising, as well as to labels and artists to be recorded and released by major artists. They might also set up co-writes with recording artists and other songwriters.

Additionally, administration is typically an included service in co-publishing deals but **publishing administration** deals on their own have become increasingly popular over the last twenty or so years. In these arrangements the publisher handles the so-called Three Ps—the **p**ainful **p**arts of **p**ublishing—which include song registration with collection societies and with digital service providers such as Apple Music, Spotify, Tidal, Amazon, and so on, as well as the issuance of licenses. Precision in administration is an

increasingly critical zone of excellence for publishing companies, as complexity in how music earns royalties has increased.

WHAT PUBLISHING ISN'T

There are two things we want you to know up front: music publishing isn't distribution, and it doesn't refer to the “publishing” of the recordings of compositions or the royalties that those recordings earn. While in other industries a publisher often has some relationship to distribution—such as with books, magazines, and games—this doesn't apply to the music industry. For this guide's purpose, we're exclusively referring to music publishing and all its particular ins and outs.

INDUSTRY INSIGHT

There are two things we want you to know up front: music publishing isn't distribution, and it doesn't refer to the “publishing” of the recordings of compositions or the royalties that those recordings earn.





THE HEART OF THE MATTER: A DEEP DIVE INTO MUSIC PUBLISHING ROYALTIES

We mentioned **royalties** earlier in this guide. Now let's refine their definition a bit further. A royalty is a percentage of profit entitled to a creator or owner for the use of their intellectual property. Essentially, it's the money your song earns when it's used in some form. For the remainder of this guide, any time we refer to royalties, we're referring to those earned and collected on the composition of the song. Any royalties collected for the sound recording would be collected and paid out by your label or distributor.

LICENSES TO ROYALTIES

Any public use, reproduction, or sale of your music will accrue royalties. Collection societies issue licenses, electronically track the usage of music registered with them, and pay out royalties.

But what is a license, and why do you need one for your music to make money? Think of it like this: in order to drive a passenger car legally, you need a drivers license. To drive a commercial tractor-trailer, you'll need a different type of license. These licenses grant you various permissions and responsibilities, allowing you to operate specific sorts of vehicles in specific sorts of scenarios. Same goes for music. **Music licenses** are legal agreements that grant someone permission to use works for certain purposes or under certain conditions. These licenses ensure that songwriters earn money for the use of their song, and protect the licensee from the repercussions of using the work illegally. (An aside: music licenses don't change the ownership of the

copyright, and they vary depending on how your song will be used, among other things.)

Unfortunately, this process—issuing a license, tracking, and paying out—takes time. It's an enormous undertaking to track and monetize the use of music throughout the world, requiring massive datasets and many codes and unique identifiers. As a result, registration with collection societies to ensure that your work is tracked, and the subsequent monetization of your work, is a vital part of music publishing.

**REGISTRATION
WITH COLLECTION
SOCIETIES...
IS A VITAL
PART OF
MUSIC
PUBLISHING.**

HOW ARE SONGWRITERS PAID?

Understanding how much songwriters are actually paid can be complicated. Collection societies have very specific, intricate formulae for their licenses and the royalties they collect. Licensing rates vary depending on settings and circumstance: you'll be paid at different rates or earn different amounts if your music is played at a rugby match versus a roller rink, on a jukebox versus in a private club, and so on. What's more, these royalty rates tend to be regularly renegotiated, and they vary from country to country.

But understanding what ways songwriters are paid is more straightforward. Below we'll explain the main types of royalties, the methods by which they're generated, and who normally collects and pays out those revenue streams in various territories.



PERFORMANCE ROYALTIES

Song is publicly performed



MECHANICAL ROYALTIES

Song is digitally streamed or physically reproduced



MICRO-SYNC ROYALTIES

Song is used in videos

PERFORMANCE ROYALTIES

“Performance” has a broad meaning in the world of music. In this context, it means the broadcast of a song in a public place or the public performance of a song. Establishments and businesses that use music pay fees in order to use that music. This means that any time your song is played at a concert—whether by you, the songwriter, or as a cover by another person—or as a recorded version over the speaker system in a restaurant, at a sports game, or in an elevator, you’re owed **performance royalties**.

Performance royalties

can be generated from:

- Television (This is not to be confused with the fee involved in sync—the actual placement of your songs in TV, film, or commercials)
- Radio
- Live venues
- Restaurants
- Bars
- Elevator music services
- Supermarkets
- Clothing stores
- Gyms/health clubs
- Jukeboxes
- Internet radio/non-interactive streaming (e.g., Pandora)
- Online interactive streaming services (e.g., Apple Music or Spotify)
- Terrestrial radio (your favorite FM station)

Performance royalties are collected by collection societies: **performing rights organizations** (PROs) in North America or **collective management organizations** (CMOs) internationally. Generally the songwriter affiliates and registers their works with the society of the territory they reside in and where their songs are most likely to be performed. These collection societies (which we’ll cover in more depth in the next section) will typically collect

both the writer's share and the publisher's share of the performance royalties and pay to the songwriter and publisher of record respectively.

MECHANICAL ROYALTIES

Mechanical royalties are generated by the mechanical reproduction of a song, such as on physical copies of vinyl albums or CDs, or in digital downloads like MP3s or streams. The origin of the term "mechanical" here refers to the piano rolls created for player pianos and the mechanical reproduction of the composition for that technology. Currently, the most significant source of mechanical royalties is generated from streaming platforms such as Apple Music and Spotify. Each type of mechanical reproduction comes with its own process of collecting and payouts, as well as pay rates.

Media that generate mechanical royalties include:

- Record sales (vinyl, CDs)
- Digital downloads
- Online interactive streaming (e.g., Spotify)
- Ringtones
- Recorded cover songs
- Film soundtracks

In the United States, Section 115 of the Copyright Act provides a **compulsory license** to make and distribute phonorecords, subject to certain terms and conditions of use. The statutory rates for mechanical licenses are set by the **Copyright Royalty Board** (CRB), a panel of three judges in DC who meet every few years to review and determine the set rates.

TLDR: the current statutory mechanical royalty rate for physical recordings in the US, such as LPs and CDs, and permanent digital downloads is 9.1 cents for recordings of songs five minutes or shorter, and 1.75 cents per minute or fraction thereof for those over five minutes. This amount is then multiplied by the number of recordings—such as the number of tracks on an album—you wish to make.

INDUSTRY INSIGHT

"Yesterday" is the most covered pop song of all time, with over 3,000 versions recorded according to The Guinness Book Of World Records.

PHYSICAL RECORDINGS & DIGITAL DOWNLOADS



5 minutes or less



9.1 cents









Over 5 minutes



1.75 cents
per minute

For interactive streaming services, the CRB set an All-In Royalty Pool of 10.5 percent of music service revenue through 2018. Performance royalties then get deducted from the All-In Royalty Pool to come up with what’s commonly referred to as the Payable Royalty Pool. Keep in mind, too, that 10.5 percent doesn’t necessarily apply to all services—some have agreed to pay higher rates.

INTERACTIVE STREAMING

STREAMING PLATFORM	PAYOUT RATE
	\$0.0074 per play
	\$0.00783 per stream
	\$0.00074 per stream
	\$0.0038 per play
	\$0.00134 per stream
	\$0.01284 per stream

Bromely, Jordan. “US Streaming Royalties Explained.” Manatt, August 17, 2018

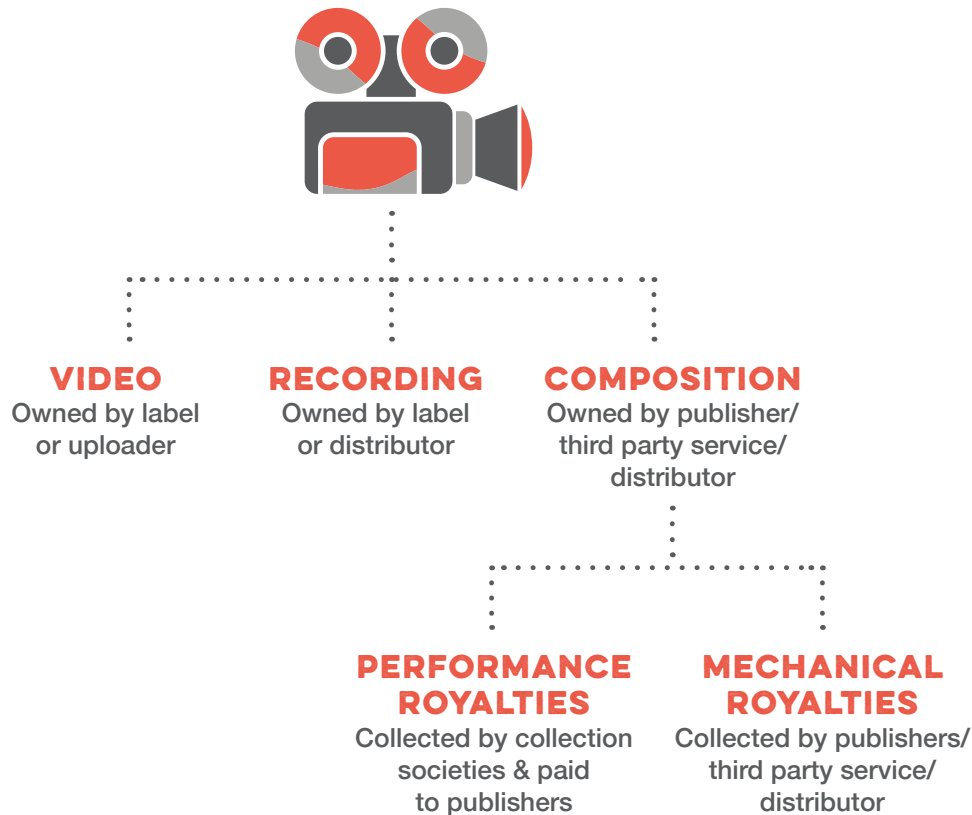
It’s a complicated part of publishing that isn’t always able to be explained in an easy, executable way. What you should take away is this: as a creator, it’s very important to know that your song earns different royalty rates dependent on a number of factors. If you make sure that your songs are distributed on as many platforms as possible and you’re marketing your brand and growing your fan base, you are in a better position to be successful than if you leave this to businesses to understand.

MICRO-SYNC AND USER-GENERATED CONTENT VIDEO ROYALTIES

A less frequently discussed form of royalty songs can earn is known as **micro-sync royalties**. These royalties refer to the revenue earned from the use of your music synchronized with a moving image in smaller or bulk uses in **user-generated content** (UGC), such as on platforms like YouTube, Vimeo, and TikTok.

If you decide to share your music on a video platform—whether as a music video, instrumental version, lyric video, whatever you’d like—it’s important to do your research on if and how the platform pays out for the use of your music. Look into their thresholds and requirements so you are fully aware of the potential and limitations for earning revenue.

On YouTube, for instance, videos are broken down into three types of assets: the visual component, the audio component, and the composition. The composition component generates both performance and mechanical royalties for songwriters and publishers. Monetization on these platforms is quite different from other **digital service providers** (DSPs).



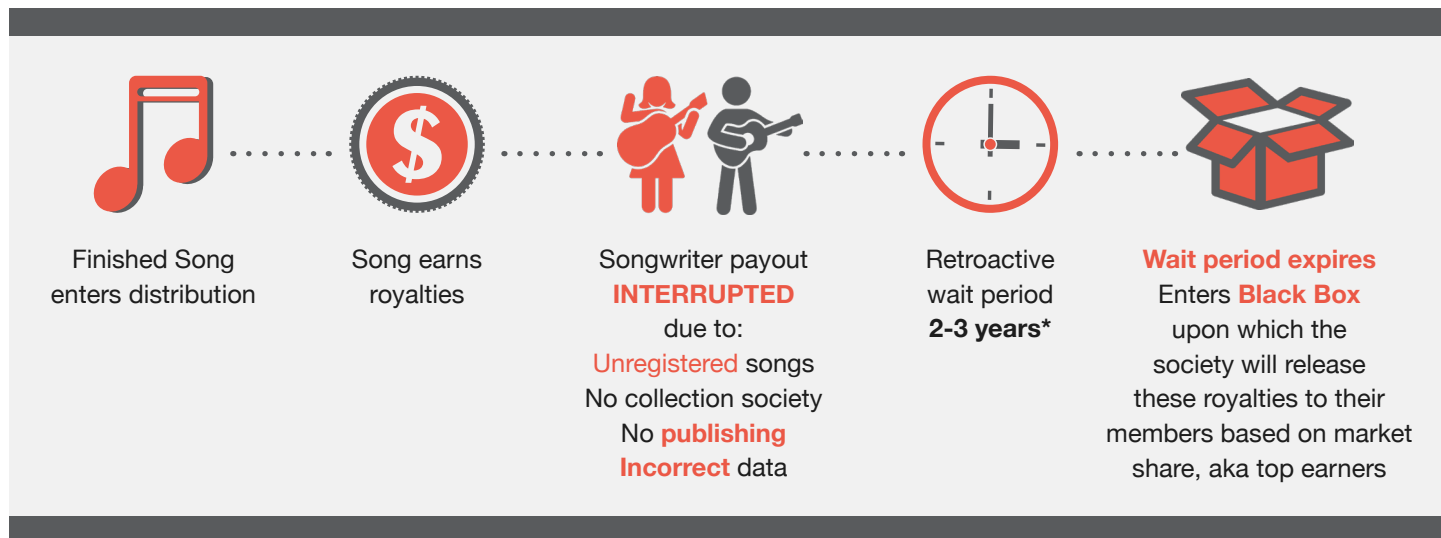
But in order to earn royalties for the use of your music in videos, the video must be monetized via paid advertisements. Platforms have different parameters, and YouTube, specifically, has thresholds that videos must meet in order to be eligible for monetization.

YouTube's thresholds for monetization include the channel having a minimum of 1,000 subscribers and a minimum of 4,000 hours of watch time within the past 12 months. Only then, unless manually reviewed by their staff, can a video be monetized and start earning royalties.

Making the most of video platforms can be easy and fun. Don't just upload your video and walk away: do anything you can to market those videos and increase your royalties. Make playlists, collaborate with other artists or songwriters with significant followings, and encourage your fans to create their own user-generated content to maximize your royalties on these services.

RETROACTIVE, BLACK BOX, AND MISALLOCATED

Some songwriters focus almost exclusively on creating music, not spending much time on the business stuff—or they don't fully understand the importance of music publishing. (It happens to the best of us!) This can result in the several royalty scenarios potentially impacting their livelihoods.



One of these is **retroactive royalties**. When a songwriter finishes a song and distributes their music to the world, their song starts to earn royalties. However, if the songwriter doesn't register their songs with their affiliated collection society, doesn't have publishing or understand publishing, or perhaps incorrectly registers their songs, that royalty payout is *interrupted*. If a songwriter doesn't fix the interruption, the royalties sit around, waiting to be collected.

While it's good news that your song is still collecting royalties whether or not you realize it, there's a caveat: these royalties won't wait for you forever. Depending on the society, they'll generally be available for two to three years. Retroactive royalties earn their name because a songwriter or publisher can retroactively collect these (semi-)patient royalties.

But what happens if you never collect them? Eventually these **unmatched and unclaimed** royalties become **black box royalties**, also known as unallocated

royalties. After a certain period, these royalties are usually released by collection societies to their affiliated members, paying out based on market share. In short, if you don't collect these once retroactive royalties, they get paid out to songwriters and artists like Taylor Swift, Drake, and Beyoncé. Yes, you read that right: someone who doesn't have anything to do with your song could earn revenue from it. And it's often the people who make the most that stand to make even more—off your work.

While black box royalties are impossible to retrieve once they enter the "black box," if you make a focused effort to affiliate with a collection society, correctly register your songs, and have a **publishing administrator** in place to double check all these registrations, you can avoid losing out on royalties. All is not lost!

There are also times when compositions are incorrectly attributed to another writer or publisher and royalties are **misallocated**. These can be the most painful of

the Three Ps—it can practically take forensic science to identify the errors and get the royalties where they belong. But it can be done, and any publisher worth their weight should be prepared to do it.

TRADITIONAL SYNC LICENSING FEES

When you license your song to be synchronized with visual media—such as in a TV show, movie, or advertisement—you're entitled to a sync licensing fee. (However, songwriters/copyright owners can and sometimes do choose to license their music for free in exchange for the exposure a project can offer.) The sync licensing fee is negotiated between the copyright owner(s) of both the composition and sound recording and the entity using the music.

Visual media with which music can be synchronized:

- TV shows
- Advertisements (web and TV)
- Films and trailers
- Video games
- Smartphone apps
- DVDs and Blu-Rays
- YouTube videos

Note: While Songtrust doesn't pitch songs or provide creative services for our clients' songs, we're happy to help with or negotiate any sync licenses that you receive, for a fee.

SYNC PERFORMANCE ROYALTIES

In addition to a sync fee, every time the production is broadcast there are performance royalties payable to songwriters and publishers via their collection society. The royalties generated for audiovisual performances originate from the license fees paid to your collection society from the broadcaster or music user, and are

calculated by measuring how the song is used in the production, for how long, the time of day or night the production airs, and on what network, for example.

THEATRICAL ROYALTIES

In the United States, performance royalties are not paid when a film is shown at a movie theater. Outside of the US however, in many territories, movie theaters are required to obtain licenses to perform the music contained within the film, in the theater. For a worldwide hit film the potential for royalties generated for this single income stream could be in the hundreds of thousands of dollars.

PRINT ROYALTIES

As a copyright owner you also have the exclusive right to authorize others to display copyrighted sheet music or lyric reprints of your work. Theatrical, choral, and orchestral productions rely heavily on sheet music such as:

- Lyric reprints
- Guitar tabs
- Films and trailers
- Sheet music
- Songbooks

While royalties from printed reproductions and sheet music are not a large revenue stream for many modern songwriters, they should not be overlooked.

USING OTHER SONGWRITERS' WORKS

There are several ways songwriters can use pre-existing, copyrighted work as a starting point, whether through a new arrangement of an existing song, covering a song more or less as written, or sampling part of an existing recording. Let's take a quick look at all three.

DERIVATIVE WORKS

A **derivative work** is a new work that includes aspects of a preexisting copyrighted work. For example, a big-band jazz arrangement of the song “Jingle Bells” would count as a derivative work. The original copyright owner of “Jingle Bells” would earn money through licensing fees.

COVER VERSIONS

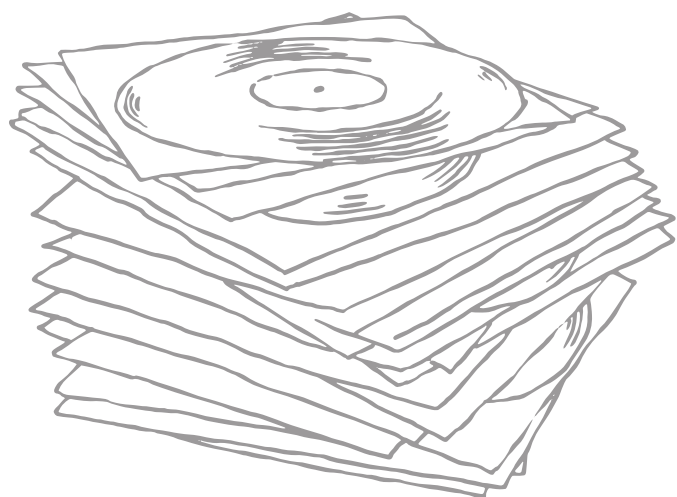
A **cover** is exactly what you think it is: a different rendition or version of an original song. If you want to record and release a cover song, you’ll first need to obtain a compulsory mechanical license. (Those different types of licenses for different uses we mentioned earlier are coming into play here!) You’ll most likely do this either through the music publisher (i.e., the owner of the composition) or a third party such as the Harry Fox Agency or Easy Song Licensing. You can also search for the publisher in the databases of collection societies.

If you perform someone else’s song in public, the original songwriter is owed performance royalties. These will be paid by their collection society, not by you.

SAMPLING

A sample is a piece of a recording from a song that you don’t own but that you’re using in your own song. Conceptually speaking, covering and **sampling** could be treated as two sides of the same coin: they both describe the use of pre-existing material, but while covers involve the *use of a new version*, sampling involves the *literal* use.

You should do this legally, with permission from both the sound recording owner and the publisher (or, often, publishers) of the composition. Depending on what you negotiate, you may pay a licensing fee to both sides. Some artists you sample also stipulate that you give them a writing credit on your song. There are many services and resources for creators, such as TrackLib, to utilize if you choose to use samples in your songs. Make sure to do your research and get proper permission—you don’t want to wind up in a legal battle later.



INDUSTRY INSIGHT

Covers and samples are similar but different. They both describe the use of pre-existing material, but while covers involve the use of a **new version**, sampling involves the **literal use**.



GLOBAL PUBLISHING ROYALTY COLLECTION: HOW DOES IT WORK?

We've mentioned **collection societies** numerous times—and you're probably wondering what, exactly, they are, and what they do. Collection societies play a huge role in music publishing and are vital to the tracking and registration of your songs that enable you to collect royalties. We use "collection society" as a general term for all these organizations, but they're also referred to more specifically as PROs in the United States, and CMOs internationally.



DIRECT SOCIETY AFFILIATIONS

ABRAMUS - Brazil	GEMA - Germany	SABAM - Belgium
ACUM - Israel	HFA - USA	SACEM - France
AKM - Austria	ICE - Europe	SACM - Mexico
AMCOS - Australia	IMRO - Ireland	SDRM - France
APRA - Australia	KODA - Denmark	SESAC - USA
APRA-PAL - Australia	LYRICFIND - USA	SGAE - Spain
ASCAP - USA	LOUDR - USA	SPA - Portugal
AUME - Austria	MEDIANET - USA	STEMRA - Netherlands
ARTISJUS - Hungary	MUSICAUTOR - Bulgaria	SIAE - Italy
BMI - USA	MUSIC REPORTS (MRI) - USA	SUISA - Switzerland
BUMA - Netherlands	NCB - Denmark	SOCAN - Canada
COMPASS - Singapore	OSA - Czech Republic	TEOSTO - Finland
CMRRA - Canada	PRS - United Kingdom	TONO - Norway
ECCO - St. Lucia	MCPS - United Kingdom	ZAIS - Poland

PERFORMING RIGHTS ORGANIZATIONS (PROS)

A **performing rights organization**, or PRO, is a professional association responsible for collecting revenue on behalf of songwriters and music publishers when a song is publicly performed. Note that the term PRO is generally associated with collection societies in North America, and less so with collection societies ex-US. Restaurants, bars, concert venues, streaming services, and any other entity that uses music in public is required to pay a PRO a license in order to play that music. The PROs, in turn, pay songwriters and publishers in the form of performance royalties.

The PROs in the United States—ASCAP, BMI, SESAC, and GMR—all have different rules and registration terms and fees. Each has slight variations in how they pay out their royalties as well. They always pay out the writer's share of your royalties directly to the songwriter, but they differ on how they pay out the publisher's share. Some require an actual publishing company to be registered in order to collect your publisher's share, while others will pay this out even without a publishing entity.

COLLECTIVE MANAGEMENT ORGANIZATIONS (CMOS)

Outside of North America, collection societies are generally referred to as **collective management organizations**, or CMOs. These organizations operate similarly to their North American counterparts (PROs) in that they register, track, and collect royalties earned, and they pay them out to the respective songwriters. Their differences lie in each territory's terms and restrictions.

As with PROs, CMOs collect and pay out the writer's share of performance royalties to their songwriters. However, some CMOs, such as GEMA in Germany, also collect the mechanical royalties that, in the U.S., would be paid out by an entirely separate entity. Societies also vary on whether they pay out the publisher's share directly to the songwriter or to the publisher.

If you're a songwriter living in the United States but have a big international following, your PRO will collect your international performance income via reciprocal agreements with CMOs, but mechanical royalty collection differs by society and territory. It's important to understand the subtle differences between collection societies and to be aware of which societies are available to you in your specific territory.

RIGHTS MANAGEMENT AGENCY

So who collects your mechanical royalties if your collection society doesn't? That would be a **rights management agency**. These agencies collect and distribute mechanical royalties and are responsible for the tracking and collection when your song is reproduced.

In the United States, the Harry Fox Agency (HFA) and Music Reports take on this responsibility. In Europe, an example is ICE Services. The differences between these collection organizations can be subtle, and they vary from country to country.

AFFILIATING AND REGISTERING YOUR SONGS

A major part of the music publishing process is affiliating yourself with a collection society and registering your songs so they can be tracked and earn royalties. Without this step, you can forget about earning any substantial income.

When you affiliate yourself as a songwriter with a collection society, you'll receive an IPI number, that is, an **Interested Parties Information number**. This number identifies you as a songwriter and connects you with your songs to ensure that you receive all royalties owed to you. You can also affiliate yourself as a publisher with your collection society—we'll cover this process and its benefits in the next section.

After you're affiliated with a collection society, the next step is to register your songs. You'll tell the collection society the name of each song, who wrote it, and who has administrative control of the publishing. Below is a list of important information you'll want to have on hand so that you register your songs properly:

1	List any and all performers of the song
2	List any and all writers and/or publishers with their correct shares
3	List any alternate titles (i.e. a song called "2 Good 4 U" you'd list "Too Good for You" as an alternate title)
4	Updated writer/publisher contact information
5	Report any live performances with your collection society Songtrust also allows you to register live performances with international collection societies through our platform

Once you've successfully registered your song, you'll receive an **International Standard Work Code**, or ISWC. An ISWC is a song's identifier, unique to the composition, which allows it to be tracked and for royalties to be mapped to it. It's issued by your collection society. Once you distribute your music, you'll also be assigned an **International Standard Recording Code**, or ISRC. An ISRC is a recording's unique identifier, and allows your publisher to track and collect royalties. It's issued by your distributor.

An **important note**, before we jump into publishing deals: if your music is being used outside of your territory, you're owed royalties from those other territory's societies. As an individual songwriter without publishing, you could feasibly register your songs with multiple societies around the world, though the process would be long and tedious, and you might wind up collecting only part of your royalties. With over 150 collection societies worldwide, completing the above

steps over and over would heap quite a bit on your plate—and that's before you factor that some societies have strict restrictions on how you can affiliate which can add additional layers and complexity.

It sounds like a lot, but it doesn't have to be. We've come up with an easier way: Songtrust has direct deals (read: no extra fees) with over 45 societies that cover 120+ territories, and we have experts who can help you navigate international publishing as your career expands across the globe. Want to know more? Read on.

INDUSTRY INSIGHT

With over 150 collection societies worldwide, registering your songs over and over would heap quite a bit on your plate—and that's before you factor that some societies have strict restrictions on how you can affiliate.



WHICH MUSIC PUBLISHING SITUATION IS RIGHT FOR ME?

As we've talked about, there are a variety of publishing situations you can find yourself in. Choosing the best fit for you and your career is based on how much work you've put into the business side of being a creator and what you're ready for. In this section we'll go through common publishing deals and their details—but the real preparatory work lies in doing your due diligence before you sign any deals.

DETERMINING SONGWRITER OWNERSHIP

When a song is complete and ready to be shared with the world, the songwriter claims ownership of the song's rights, split between the master recording and the composition. While recording rights are often negotiated and determined based on the situation (e.g., terms laid out by a distributor or a label relationship), the composition ownership is a bit more finite.

WRITER'S SHARE



50%

The percentage of ownership of a work owned by the creator, typically paid by the collection society



PUBLISHER'S SHARE



50%

The percentage of ownership of a work owned by the creator until you enter a deal with a publishing situation

Composition ownership is divided into two pieces: the writer's share (50 percent) and the publisher's share (50 percent). The **writer's share** refers to the percentage of ownership in a work attributable to the author and/or composer. The **publisher's share** refers to the share of revenue that may be granted to a music publisher via a publishing contract, or, if you do not have a publisher, belongs to the songwriter unless and until you decide to enter into a partnership with another publisher.

But why would you partner with a publisher if it means giving away a portion of your publisher's share of revenue that would otherwise be yours? Traditional publishers can find outlets for your music that you may be unaware of and help you find synchronization deals that might otherwise be difficult to attain. Moreover, having a publisher often means that independent songwriters get paid in a more complete, timely manner. These days, however, there are more options than just

traditional publishing deals, and songwriters have more stock to negotiate and leverage for their careers.

If you want to make a go of it as an independent songwriter, you may want to seek out representation in the form of a publishing deal. **A publishing deal or agreement** is essentially an agreement with a publishing company to provide administrative, and sometimes creative, support for your **catalog** so that you get to focus on what you do best: songwriting. Each publishing situation differs, but we'll outline four of the most common below.

ADMINISTRATION AGREEMENTS

In an **administration agreement**, or admin deal, the songwriter keeps 100 percent ownership of their copyright and pays somewhere between 10–25 percent of royalties, depending on the terms, in the form of an administrative fee, typically for a term of one to three years.

Publishing administrators, like Songtrust, have relationships with performance and mechanical collection societies around the world that make royalty collection much simpler than it would be for a songwriter to manage on their own. Many—though not all—artists prefer to hand off the administrative duties so as to focus on their creative development.

Publishing administrators don't own any percentage of or take creative control of your copyright at any point during or after the term of the agreement. Administration agreements ordinarily don't include creative services; they're centered around administrative duties such as properly registering your songs with collection societies and collecting royalties on your behalf. Admin deals can occasionally include an advance, which must be recouped in the same way as in a co-publishing agreement.

+ PROS	- CONS
Keep 100% ownership	No creative services
Flexible Terms	Advances not always available
Choose which songs to register	

Whether you're a fresh DIY artist looking for publishing or an industry veteran just discovering its complexities, a publishing administration deal is ideal for any creator at almost any stage. You'll learn more about Songtrust's unique offering in the next section.

CO-PUBLISHING AGREEMENT

In a **co-publishing agreement**, also known as a traditional publishing deal, you typically assign 50 percent ownership of your publisher's share to your co-publisher. This leaves you with 100 percent of your writer's share and 50 percent of your publisher's share. The term of these agreements is negotiated, though the publishing company can exercise options to extend the deal if certain stipulations of the contract are met.

Co-publishing agreements are much more rigorous than straight admin arrangements. The songwriter has certain obligations—things like submitting a minimum number of commercially satisfactory songs. If you have co-written any of those songs, only the percentage that you've written will count towards satisfying the terms of the contract (for example, if you write 50 percent of two songs, it will count as one full song). Some agreements also require that a number of your songs be recorded and released by an artist on a particular label.

WHAT TO KNOW ABOUT TRADITIONAL PUBLISHING DEALS

Because the publisher generally takes partial ownership over the works, they have much more of

an incentive to exploit your compositions and generate royalties from them. They may do this in a number of ways, including:

- 1. Pitching your songs to music supervisors for synchronization in television, film, and advertising
- 2. Submitting demos to labels to be recorded and released by major artists
- 3. Setting you up on co-writes with artists and other songwriters

In addition to this creative work, your publisher will also handle necessary administrative duties, such as registering your songs with collection societies and collecting royalties on your behalf.

Though you retain ownership of 50 percent of the publisher’s share in this deal, you often give away creative control. You will likely have little say in how a song is used, aside from what’s agreed upon in the initial contract, i.e., not allowing your compositions to be used for political campaigns or in objectionable content.

This control is often granted to the publisher for the life of the copyright, which means the publishing company will retain the rights to your compositions written under the deal with them even after the deal has ended. There are certain laws that allow the rights to revert back to you after a specified period of time, but they’re generally long—think 35 to 40 years. While traditional publishing deals have plenty of merits, they aren’t for every creator: some aren’t ready to enter into a deal or want to keep more creative control, which is completely okay. Always look over all the terms for any publishing deal, ideally with a lawyer, and make sure it’s right for you and your career before you sign any rights away.

+ PROS	- CONS
Offer creative and sync opportunities	Give 25%-50% of your copyright for life
Advances available	Locked into a fixed term, usually 3+ years
	Generally required to register all your songs

SHOW ME THE ADVANCE

One of the most enticing aspects of co-publishing deals is the **advance**, a prepayment of your royalties before they are earned. Advances can be alluring, but it’s extremely important to remember that they’re not free money or extra money. Advances must be recouped in full by your publisher before you’re paid out any royalties from your compositions.

WORK-FOR-HIRE

In this increasingly common arrangement, a **work-for-hire** means that a songwriter is paid a flat fee and forfeits all ownership and administration rights for the life of their copyright. This means that you’re not entitled to any publishing royalties earned by the composition in the future, nor does it guarantee you’ll be credited as the composer.

Think of a Work-for-Hire agreement like this—you’re approached by an influencer in the hip-hop community known for creating songs with a lot of commercial value and clout on Instagram. They want you to help them with a new project by going out and capturing ambient street noise that they can underlay in the background. With their busy schedule and focus on the core of the song, they don’t have time to do this, so instead they want to hire you to provide them with these assets, and more specifically as a work-for-hire. They would pay you a flat fee of, for example, \$500, for twelve hours of your time and at least five separate tracks that they can choose and use in the new song. As soon as you sign that agreement, you’re officially forfeiting

any right to future royalties on that song and any other song that creator might decide to use one or more of those assets you provided. They essentially own the work you did and can use however they see fit without having to give you a portion of ownership.

It sounds, outrightly, like a negative thing. However, the plus is that, depending on the agreement originally set, you could receive at least your writer's share of the royalties. You're also often able to meet and network with more established creators and earn immediate money until your career is solid enough to work on collaborations with these creators.

<div><div></div><div>PROS</div></div>	<div><div></div><div>CONS</div></div>
Get paid immediately	Forfeit all your rights to you work
Meet/work with established creators	Not entitled to any publishing royalties
	Your work can be used however they'd like without your consent

EXCLUSIVE SONGWRITER AGREEMENTS

Under an **exclusive songwriter agreement**, or "staff writer" contract, a songwriter generally assigns the entire publisher's share of any songs written during the agreement to a publishing company. In exchange, the publisher provides the songwriter with an advance paid out on a weekly, monthly, or quarterly basis. That regular advance must still be recouped in the same way as an advance in a co-publishing or administration deal.

The salary-like advance payments are the main attraction for this type of deal. In addition, the publisher will usually perform administrative and creative duties for the writer's catalog, depending upon the agreement. This type of deal is often offered to writers who have a demonstrated track record so that the publisher is confident they'll receive a return on their investment.

CREATING YOUR OWN PUBLISHING COMPANY

Another option for songwriters when they're considering signing with an established publisher is forming their own **publishing company**. After all, as an independent songwriter, you're already your own publisher, and there are major benefits to exploiting that opportunity. To do this on your own is quite a task, as we'll detail below, but working with a company like Songtrust makes it easy to have the benefits of owning your own publishing company while avoiding the dreaded Three Ps.

<div><div></div><div>PROS</div></div>	<div><div></div><div>CONS</div></div>
You keep all your publishing royalties	Can be very costly
Not prohibiting from signing future publishing deals	Requires hands-on work to administer all works
Protect your personal assets	The workload can keep you from creating everyday

THE BENEFITS

Perhaps the biggest advantage is that you're not sharing your royalties with anyone else (except, of course, for any credited co-writers). You can register a publishing company with a collection society in much the same way you did as a writer, depending on that society's terms. The publishing company will serve as a separate business entity, and your publisher's share will be distributed to that entity. Both checks will come to you, just as they would if you were solely registered as a songwriter, but the publisher's share will be made out to your publishing entity.

In addition, creating your own publishing entity doesn't prohibit you from signing a co-publishing or admin deal in the future. If you do so, your publisher would send a **letter of direction** to your collection society to notify them that they'll be taking administrative control of your catalog on your behalf.

Finally, forming a publishing company affords you certain legal protections, similar to creating an LLC or incorporating a personal business. This arrangement allows you to earn income, pay taxes, and do business in general as an entity rather than an individual, thus protecting yourself and your personal assets from personal liability for business debts.

The Downsides

Although there are many positives to establishing your own publishing entity, it’s worth noting that the costs often outweigh the benefits. Managing your own publishing company is no simple task and requires serious prep and administrative work to do well.

The Process

If you’re considering forming your own publishing company, it’s helpful to follow a checklist. Some key steps to keep in mind are:

1	Decide on a name	You’ll need a unique business name so that royalty payments don’t get improperly assigned. When you go through your collection society affiliation process (see step 2), you’ll be required to submit a few potential names in case some are already taken.
2	Register your publishing company as a “DBA” name in your state	DBA stands for “doing business as.” It’s also known as a trade name , fictitious name , or assumed name . All this really means is that your new publishing company is registered for tax purposes. The required forms can be found at the Secretary of State’s office website for your current state of residence. Fees for obtaining a DBA tend to be under \$100.
3	Affiliate & register your songs with a collection society	If you’re publishing your own music, you first need to affiliate with a collection society as a songwriter. Affiliate as a publisher with the same society. If you’ll be publishing music from other writers, you should affiliate with all of the organizations with which your writers are affiliated. Approval to become a writer or publisher affiliate typically takes several weeks, and there’s usually a fee to apply. Remember, you’ll now have two accounts at your collection society: one as a songwriter and one as a publisher.
4	Get a publishing administrator to handle local and international registration and royalty collection	To collect royalties globally—that is, outside the U.S. or wherever your local CMO is located—you’ll need to affiliate and register your songs with the appropriate CMOs. This will require a laundry list of paperwork and legal filings.

It’s a formidable challenge, and some songwriters will determinedly take it on (kudos!). There are, however, options for minimizing that administrative workload: You can join a publishing administration service, such as **Songtrust**, to handle all the administrative work for you, and get you properly registered and earning royalties worldwide. Speaking of which, now’s a perfect time to tell you a little more about what Songtrust is, what we do, and how we help make the process of actually earning money as a creator a lot simpler and easier.



SONGTRUST: ACCESS WHAT YOU'RE DUE









Songtrust is the world's largest global royalty collection service and publishing administrator, enabling over **170,000** songwriters and over **20,000** publishers to collect their publishing royalties worldwide for more than **1,500,000** copyrights. In our global work with songwriters and creators, Songtrust is working not only to change the way music publishing is viewed and understood, but the way the music publishing industry views royalty collection itself.

Our industry-leading online solutions help songwriters, artists, producers, managers, publishers, labels,

lawyers, distributors, and more simplify music rights management. This includes the administration of music publishing assets, performing rights, and digital licensing.

We maintain **direct relationships** with more than 45+ performance, mechanical, and digital societies globally **covering over 120 territories**: the most extensive, accessible publishing network in the industry.

Songtrust's online dashboard allows clients to avoid sub-publishing fees and to maximize their revenues.

	 Songtrust Terms	Traditional Publishing Deal
 Deal Length	Cancel at any time after one year	Locked into a longer term, usually three or more years
 Accounting	Pays four times per year	Pays only two times per year
 Catalogue	Register only the songs you want Songtrust to represent	Generally required to register all your songs written prior to or during the term
 Copyright	Keep 100% of the copyright	Give publisher 25-50% of your copyright for life
 Sync Rights	Control your sync rights	Give up sync rights for publisher to exclusively license
 Fees	15% fee on publishing royalties administered. Client receives 85%	Varying percentage of all royalty streams including upwards of 50%
 Tech	Technology focused and client centered	Offline, manual process

As a technology-first platform, our elegant and easy-to-use experience removes complexity from the publishing landscape and offers detailed access to data otherwise not directly available to creators.

Songtrust was co-founded in 2011 by the CEO of Downtown Music Publishing, Justin Kalifowitz, and Joe Conyers III, now Songtrust's Chief Strategy Officer. The vision was and is to assist every songwriter in accessing the publishing royalties they are due. Songtrust is now seventy employees strong, with offices in nine cities across the globe—including our New York City HQ, plus Atlanta, Nashville, Los Angeles, London, Paris, Amsterdam, Tokyo, Sydney, and more to come. We have teams dedicated to copyright administration and rights management, society relations, royalties, income tracking, engineering, product development, business development, marketing, and more.

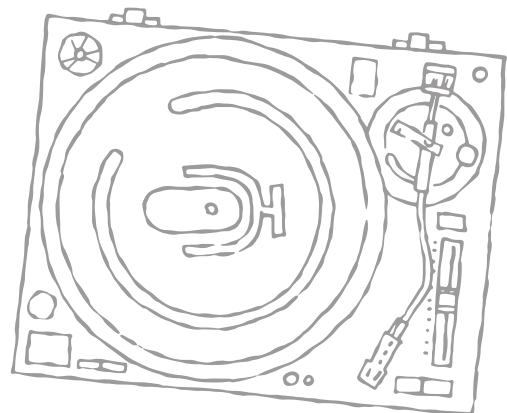
We can handle catalogs of any size, from one song to all of a publisher or distributor's offerings. Our tech-forward, progressive team is focused on resolving the inefficiencies within music publishing and creating fair solutions that enable independent songwriters like you to support themselves.

WHAT SONGTRUST OFFERS

- ✓ Registration with a collection society, if you're not already affiliated (we cover your application fee)
- ✓ One-stop global song registration with performance and mechanical collection societies worldwide, verified by ISRC data
- ✓ Global royalty collection
- ✓ Live international setlist submission so you can collect your live performance royalties
- ✓ Claiming and monetization tools for songs that stream on YouTube
- ✓ Responsive and sophisticated client services
- ✓ Authoritative, up-to-the-minute educational resources about songwriting and music publishing
- ✓ Detailed royalty reports and seamless payment by direct deposit

INDUSTRY INSIGHT

Songtrust has offices in nine cities across the globe—including our New York City HQ, plus Atlanta, Nashville, Los Angeles, London, Paris, Amsterdam, Tokyo, Sydney, with more to come.





WHAT'S AHEAD: THE FUTURE OF MODERN MUSIC PUBLISHING

New technology, like streaming services, has had a huge impact across the music industry and often highlights the inadequacy of existing laws and contracts. As the music publishing landscape has shifted, a vast proportion of songwriters and music creators have been left out in the cold when it comes to fair compensation for their work. Much of the Songtrust team, songwriters and music industry professionals ourselves, has watched these changes in technology and compensation over the last years and decades—and we're determined to do something about it.

Companies like ours are working hard to raise the standards of efficiency and fairness throughout the industry. We envision a future where songwriters are paid justly and in a timely manner, relying on validated and reliable data and metadata to ensure compliance and thoroughness.

In 2018, the passage of the **Music Modernization Act (MMA)**—considered the most significant reform to U.S. copyright impacting songwriters in over a century—alongside significant copyright reforms in the EU brought us much closer to realizing that future. Yet understanding those reforms and their impact on creators remains challenging and confusing. Songwriters, producers, composers, and artists deserve to know how you can access your rightful earnings.

One of the mandates of the MMA is to create the **Mechanical Licensing Collective (MLC)**. The MLC will collect digital mechanical royalties, yet its mandate will only cover a limited scope of rights, specifically streaming service plans covered under Section 115 under the U.S. Copyright Act. (We also talked about Section 115 in the chapter “How Are Songwriters

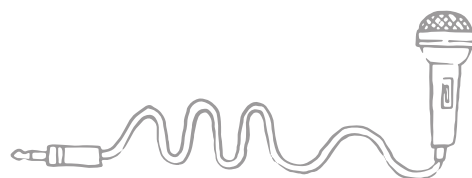
Paid?”) This refers to unlimited paid, basic paid, and ad-supported plans of streaming services, and limits them to specific functionality such as the number of times you can skip a track, among others. We expect the MLC will encourage digital service providers like Spotify, Amazon, and others to work more effectively with music publishers and self-published songwriters, and that is very positive for our industry. For now and the foreseeable future

it'll be increasingly important for songwriters to be represented by a music publisher or an administration service like Songtrust to make sure their royalty collection has global coverage and they're not leaving any money on the table.

DSPs and other companies that use music are looking for more rights to all sorts of formats that aren't currently protected sufficiently—video, gifs, virtual reality, lyrics, and well beyond—and many let users upload content, relying on Safe Harbor rules. As these services evolve, songwriters and copyright owners have an opportunity to be ahead of the curve by working with organizations who're staying on top of it all. But without a proper publisher, monetization of your works could be years late, if ever.

Today's world keeps getting smaller. Music is on more services in more territories, being used in more ways than ever before. Today's songwriters face immense opportunity—and challenges. We've made this guide free to use and share because we believe music creators are empowered by transparency. You deserve to know the ways your work can sustain you, how the system around you works, and what tools and options are available to you. We hope you've found what you're looking for, and that you now have a better idea of how to get you where you want to be.

TODAY'S SONGWriters FACE IMMENSE OPPORTUNITY— & CHALLENGES.



360 Deals – Exclusive recording artist contracts that allow a record label to receive a percentage of the earnings from all of an artists activities rather than just album sales. Under this type of contract, the label will collect a percentage of multiple revenue streams, such as publishing royalties, live concert fees, merchandise sales, endorsement deals, book and movie deals, ringtones, private copying levy royalties, etc.

Adaptation – A new version of a song that's inspired by an original work.

Administration – The practice and process of business functions relating to a catalogue of works or individual works. This includes things like registering works with collection societies, registering copyrights, issuing licenses directly or via a collection society or agent on behalf of the copyright owner, collecting and distributing fees and royalties, and all other responsibilities that relate to the use of a musical work and/or sound recording.

Administrator – A music industry professional who supervises finances and copyright matters for a song or catalog. An administrator's primary role is to protect song copyrights, collect royalties, issue licenses, and ensure that songwriters are paid properly. All major publishers and most independents handle administration for the catalogs they own and control internally. Smaller publishers and many individual songwriters who don't want to sell their copyrights sign deals with companies like Songtrust that focus exclusively on providing administration services without taking an ownership interest.

Administration Agreement (Admin Deal) –

A partnership deal in which a songwriter contracts with a publishing administrator. In this arrangement, the songwriter keeps 100 percent ownership of the copyright and pays an administrative fee to the publisher/administrator. The administrator usually provides administrative services only and does not offer any creative services. Other such agreements include co-publishing, work-for-hire, and exclusive songwriter agreements.

Advance – In this context, the payment a songwriter receives when signing a contract with a publishing company. Advances are typically recoupable, which means that the publishing company collects and keeps the songwriter's royalty income until the amount of the advance has been repaid.

Arranger – A musical arranger composes the supporting elements of a musical composition—such string, horn, or other orchestral parts—outside the ability or interest of the songwriter. This is largely a technical role and not to be confused with a producer, who serves much the same role as a film director in determining the overall tone and feel of a musical work or album.

Black Box Royalties – Unclaimed royalties for which a publisher or writer is named but cannot be traced by a collection society. Writers who are owed royalties but cannot be found are often referred to as "lost" writers. Many U.S. songwriters who sell their music internationally but are not signed to a publishing company with representation abroad become "lost" writers and lose their mechanical royalties. See Foreign Mechanicals for more.

Blanket License – A type of license issued by a performing rights society which allows a music user to play or perform all compositions controlled by all publishers represented by that society. The user generally pays a yearly fee that allows them to use all licensed songs without limit. Blanket licenses are typically issued to nightclubs, TV networks, and radio stations. For example, a publisher might give a television production company a blanket license to utilize any song in their catalog (or a limited list of those songs) for a previously agreed-upon rate in lieu of securing an individual sync license for each use.

Catalog – A collection of works controlled by a songwriter or publisher.

Collective Management Organizations (CMOs) – An international organization that operates similarly to Performing Rights Organizations (PROs) in North America in that they register, track, and collect royalties earned, and pay out the writer's share of performance royalties to rights owners. Some will also collect mechanical royalties earned. Each society's terms and restrictions differ by territory.

Collection Societies – These are the organizations responsible for the tracking, collection, and payment of earned royalties to copyright owners. This is a blanket term to refer to all organizations, individually they are referred to either performing rights organizations or collective management organizations.

Composer – A creator of music and melody.

Composition (Underlying Composition) – The intellectual content of a musical work: the musical content and any accompanying lyrics. This does not refer to the actual recording of a musical work.

Compulsory License – An exception to U.S. copyright law that grants permission to anyone wishing to use a songwriter's work, whether or not the songwriter wants to grant the license. Compulsory licenses must be issued for use in cable television rebroadcast, on the Public Broadcasting System (PBS), in jukeboxes, for digital performance of records, and as phonorecords and digital recordings.

Compulsory Mechanical License – An exception to copyright law that grants permission to anyone wishing to re-record a song that has already been commercially released. For example, if an artist wants to re-record a version of the Doors' "Light My Fire," which has been commercially released, they wouldn't need explicit permission from the Doors' publisher so long as the artist had paid the publisher at least the statutory rate—that is, the royalty rate as defined by current copyright law.

Co-Publishing Agreement – A publishing agreement in which a songwriter assigns a certain percentage of their copyright to a publishing company in exchange for creative and administrative services. Songwriters are usually paid an advance under these agreements.

Copyright – Rights granted by law to the creator of an original work. A creator (e.g., a songwriter, author, or artist) is entitled to the right to copy, distribute, and adapt their work. Under U.S. copyright law, as soon as you make a tangible copy of a work, you possess its copyright. Put another way, if you imagine a song in your head, you have no copyright—but once you write the song down or record it, you do.

Copyright Registration – A record stating the date of a work and its content so that in the event of infringement or plagiarism, the copyright owner can produce a copy of the work from an official source.

Copyright Royalty Board (CRB) – The CRB consists of three U.S. judges who are responsible for setting statutory royalty rates for compulsory licenses. This board periodically sets the statutory mechanical royalty rate, which is currently 9.1 cents per track or 1.75 cents for each minute of playing time, whichever is greater. Visit the Copyright Royalty Board website (www.crb.gov) for more.

Copyright Act – The Copyright Act of 1976 is a United States law spelling out the basic rights of copyright holders. It codifies the doctrine of “fair use,” and adopts for most new copyrights a unitary term based on the date of the author’s death rather than the prior scheme of fixed initial and renewal terms. It protects musical works including songs and any accompanying words as well as orchestral works, librettos, and other musical compositions. Copyright also protects recordings of musical compositions.

Co-Writer – is any person that works on or contributes to a work in addition to your contribution.

Cue Sheet – A document usually created by the production company of an audio-visual work (e.g., film, TV show) that lists all music used within the program and its accompanying information. Cue sheets are sent to the relevant PROs to properly collect and allocate royalties.

Derivative Work – A work based on a pre-existing work. This can be a translation, dramatization, fictionalization, art reproduction, abridged or condensed version, or any other transformation or adaptation of a work. (For example, Kanye West’s “Stronger,” which samples Daft Punk’s “Harder, Better, Faster, Stronger,” is considered to be a derivative work because it is based on a pre-existing song.) Under U.S. copyright law, the only person who can

grant the rights for a derivative work to be created is the holder of the copyright for the original work.

Digital Service Providers (DSP) – Corporate entities that provide digital services built on a networked ecosystem of consumers and other service providers. DSPs tend to focus on driving almost all interactions online and across devices. Examples are Amazon and iTunes.

Exclusive Songwriter Agreement (“Staff Writer” Contract) – A contract with a publishing company in which a songwriter assigns the entire publisher’s share of any songs written during the term of the agreement to the publishing company. In return, the songwriter receives advances on a regular basis, which the publishing company typically recoups until the advance has been paid off.

Exploitation – If you own the copyright in a work, you are free to exploit it on your own or license the use of it to another party. ‘Exploit’ in this context means to develop or make use of it.

Fair Use – An exception and limitation to the exclusive rights granted to the copyright holder of a creative work. If something falls under the doctrine of “fair use,” another party can use the copyrighted material in a limited way without acquiring permission from the rightsholder. In certain situations, commentary, search engines, criticism, news reporting, research, teaching, library archiving, and scholarship may be considered fair use.

(Foreign) International Mechanicals – Royalties paid to a publisher for the sale of copyrighted songs in foreign territories (see Mechanicals). Unlike U.S. mechanical royalties, international mechanicals don’t have a fixed rate, but are usually paid as a percentage

of the wholesale price, generally 6–12 percent, depending on the territory. “Foreign mechanicals”, often referenced as such in North America are collected by local societies such as GEMA in Germany and SDRM in France. If a U.S. songwriter does not collect their foreign mechanicals within a set period of time—generally 6–18 months, depending on the territory—then the society may distribute those royalties to local publishers as “black box” income.

Independent Publisher – Music publishing companies that are independent from major recorded music businesses. Examples of independent publishers include Bug Music, Downtown Music Publishing, and Imagem.

Infringement – The unlicensed use of works under copyright. Infringement occurs when someone other than the rightsholder violates one of the rights holder’s exclusive rights. In music publishing, the six exclusive rights of copyright owners are reproduction, derivation, public display, public performance, distribution, and digital transmission.

Intellectual Property – Any conceptual product that has commercial value. This includes any form of creative expression and knowledge (such as symbols, names, and images), whether copyrighted or not. Intellectual property can be protected through copyrights, patents, trademarks, and trade secrets laws. For example, Nike’s signature checkmark logo is protected through trademark, and Coca-Cola’s secret recipe for Coke is protected through trade secrets law. Visit the World Intellectual Property Organization website (www.wipo.int) for more information.

Interested Parties Information (IPI) – A nine-digit number used to uniquely identify a songwriter or publisher. IPI numbers are also referred to as

CAE numbers. The IPI database replaced the CAE database as the industry standard in 2001, but the two are often used interchangeably. Rightsholders are assigned IPI numbers when they’re granted membership to a PRO. You can find the IPI of an affiliated songwriter or publisher by performing a repertory search at a PRO such as ASCAP or BMI. Your IPI number is not the same as your ASCAP member ID or BMI account number.

Interactive Streaming – An “on-demand” stream of a digital track that doesn’t require the listener to download the file. Interactive streams allow listeners to listen to recordings at their request, thus generating mechanical royalties. Interactive streaming services, like Spotify, pay both performance and mechanical royalties; non-interactive streaming services, like Pandora, pay only performance royalties.

International Standard Recording Code (ISRC) – A 12-character alphanumeric code used to identify a unique sound recording. One song can have multiple ISRCs if the song has been recorded, remixed, or edited more than once. Publishers, collection societies, and music services use ISRCs to match master recordings to underlying compositions. ISRCs are typically assigned by labels or distributors. An ISRC looks like this: US-S1Z-99-00001.

International Standard Work Code (ISWC) – An 11-character alphanumeric code used to identify a unique musical work. A song only has one ISWC, but arrangements, adaptations, and translations should receive their own unique ISWCs. ISWCs are issued by collection societies when works are registered with them. An ISWC looks like this: T-123.456.789-Z.

Joint Work – Works written by multiple songwriters. Also called co-authorship.

Letter of Direction (LOD) – A formal notice to a collection society that a publisher will be taking administrative control of a songwriter's catalog on that songwriter's behalf.

License – Agreements for the use of music in audiovisual projects. In the strictest sense, a sync license refers to the use of a musical composition in an audiovisual work and a master use license refers to the use of a music recording (master) in an audiovisual work.

Master Recording (Sound Recording) –

A complete, original recording from which all subsequent copies are made. Master recordings are usually controlled by a label, whereas the underlying compositions are usually controlled by a publisher. A master recording's copyright is represented by the "©" symbol, meaning "phonogram."

Master Use License – A license to make reproductions of master recordings.

Mechanical Licensing Collective (MLC) –

In 2018 as part of the Music Modernization Act (MMA), the rate at which songwriters were paid mechanical royalties for the use of their works was overhauled. Starting in 2020, the MLC will become the governing body responsible for setting statutory royalty rates, replacing the trio of U.S. judges called the Copyright Royalty Board (CRB). Among other duties, the MLC is empowered to provide blanket licenses for streaming services. It provides a baseline structure to ensure that royalties are actually collected and distributed to rights holders.

Mechanical License – A mechanical license (or simply, "mechanical") is a license that the holder of the underlying musical work grants to another

party to cover, reproduce, or sample specific parts of the original composition. A mechanical license does not give a third party the rights to sample from any phonorecord of the original recording.

Mechanical Rights – Rights obtained from a mechanical license to reproduce and distribute copyrighted musical compositions (songs) on CDs, records, tapes, ringtones, permanent digital downloads, interactive streams, and other digital configurations supporting various business models, including locker-based music services and bundled music offerings.

Mechanical Royalties – Royalties earned through the reproduction of copyrighted works in digital and physical formats. Songwriters are paid mechanical royalties per song sold, downloaded, and played on certain digital formats. The 2018 creation of the Mechanical Licensing Collective (MLC) introduced a major change to the way mechanical royalties were calculated.

Micro-Sync Royalties – Payments made on the synchronization of music with a moving image typically in videos and user-generated content. Depending on where these uses occur, they can generate both performance and mechanical royalties. A television broadcast, for example, generates performance royalties, while a monetized YouTube video will generate performance and mechanical royalties.

Music Modernization Act (MMA) – A major piece of music-related legislation passed in 2018. The MMA is intended to improve the financial landscape for artists, songwriters, and publishers through updates to the regulations around royalties from online streaming services and other outlets.

Music Publishing – The business of acquiring, protecting, and promoting song copyrights and collecting the royalties that these copyrights generate. Music publishing ensures that songwriters get paid fairly when their intellectual property—their musical works—are used by companies such as record labels (which pay mechanical royalties); radio stations, bars, and restaurants (which pay performance royalties); or film studios and advertising agencies (which pay sync license fees), among others. Music publishing pays royalties only to the writer of a song, not to performers of it. And it generates the largest source of income for songwriters and composers.

Music Supervisor – The person responsible for selecting the music to be used in an audiovisual production such as a film or TV show. The music supervisor may also be responsible for acquiring the necessary licenses for the music uses selected.

Neighbouring Rights – The public performance right associated with the copyright of a master recording. Also called “related rights,” neighbouring rights are similar to the public performance rights associated with compositions, but they are paid to master recording owners (usually labels) and performers, rather than songwriters and publishers. In the U.S., neighbouring rights are only recognized for non-interactive digital transmissions, such as satellite and digital radio (e.g., Sirius XM and Pandora). Only nations that have signed and ratified the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations of 1961, which the U.S. has not, recognize neighbouring rights across a broader spectrum of uses, such as terrestrial radio.

Orphan Works – Works under copyright for which the owner(s) cannot be identified or located.

Passive Sync – Also known as inbound sync, this gives songwriters the option to paper a deal themselves, keeping 100 percent of the revenue from a sync license. As a Songtrust client, you can opt in for having Songtrust administer passive sync requests that come in. If you opt in, then we would relay the request to the client, obtain approval, negotiate the license, receive the payment and pay through.

Performing Rights Organization (PRO) – An organization responsible for collecting income on behalf of songwriters and music publishers when a song is publicly broadcast. Public performances can include play on television or radio, in clubs and restaurants, on websites, or on other broadcasting systems. PROs collect fees from these establishments which they then pay to their registered songwriters. The PROs in the United States are ASCAP, BMI, and SESAC.

Performance Royalties – Payments made to a songwriter or publisher for the public performance or broadcast of a musical work. Public performance refers to playing a song on the radio, on television, in bars and nightclubs, at concert venues, and other public places. Performance royalties are collected by performing rights organizations such as ASCAP in North America and collective management organizations such as SACEM internationally.

Printed Music Royalties – Payments made to a publisher for the sale of printed sheet music, including musical notation and/or lyrics. Printed music royalties are generally paid directly to the publisher and can vary depending on the type of sheet music and whether it's a physical or digital print.

Producer – An individual responsible for bringing a creative product into tangible form. Producers, or record producers, take care of all the administration and direction and often participate in the creative process.

Public Domain – Works without intellectual property protection. These works are in the public domain and can be used by anyone and for any purpose without permission and without paying fees to the original composer. A work can be in the public domain because its copyright or patent protection has expired or because it's a government work, among other reasons. An example of a work in the public domain is Beethoven's "5th Symphony." See Intellectual Property for more.

Public Performance – To perform music publicly means (1) to "perform...it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of family and its social acquaintances is gathered" or (2) "to transmit or otherwise communicate a performance....of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance receive it in the same place or in separate places and at the same time or different times."

Publishing Administrator – A third-party publisher that for a fixed term controls all licensing and the collection of publishing revenue streams on behalf of a composer or copyright owner.

Publishing Agreement – A legal contract between a composer/lyricist/author/songwriter and a publisher.

Publisher's Share – The share of revenues granted to the music publisher via a publishing contract. Depending on the type of publishing agreement, a publisher may acquire an "ownership share" in the copyrights for a period of time, including in perpetuity, which is the traditional and most common basis of an agreement. However the ownership share and the collection share may differ, as in a typical co-publishing agreement.

Rate Per Song – The mechanical royalty amount owed to the publisher per song for each copy of it that's distributed and/or downloaded. Previously the rate per song was based on a statutory rate set by the Copyright Royalty Board, but the passage of the Music Modernization Act and the inception of the Mechanical Licensing Collective promise more fair and equitable distribution of royalties.

Retroactive Royalties – Retroactive royalties are unallocated royalties that are waiting to be paid out to the copyright owners. This happens when songs aren't registered correctly or the contact information for the songwriter is unavailable. These royalties generally sit at the collection society for a length of time, which varies based on the society, until they enter the black box. Refer to black box royalties for more.

Rights Management Agency – These agencies collect and distribute mechanical royalties and are responsible for the tracking and collection when your song is reproduced. Examples include Harry Fox Agency and Music Reports in the United States.

Royalties – Payments made on a per-use basis. In the context of music publishing, royalties refer to the income earned through the use of a song. This can include album sales, digital downloads, streams, radio

airplay, and a host of other forms through which songs earn income for songwriters and music publishers.

Sales – The number of physical and/or digital recordings sold. Sometimes called “record sales.”

Sampling – The act of taking material from a previously existing sound recording and incorporating it into an entirely new sound recording. Sampling began as a technique used by experimental composers but became a popular production technique in 1970s hip hop, spreading to electronic music and other genres. To avoid copyright infringement when sampling, it’s almost always necessary to have a license to use the sound recording, and often one to use the underlying composition, as well.

Six Exclusive Rights of a Copyright Owner:

1. To **reproduce** the copyrighted work in copies or phonorecords (physical or digital format);
2. To prepare **derivative** works based on the copyrighted work;
3. To **distribute** copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
4. In the case of musical, literary, dramatic, and choreographic works, pantomimes, motion pictures, and other audiovisual works, to **perform** the copyrighted work publicly;
5. In the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to **display** the copyrighted work publicly; and
6. In the case of sound recordings, to **perform** the copyrighted work publicly by means of a digital audio transmission.

Songwriter – A songwriter is a professional that writes lyrics or composes musical compositions for songs.

Split – In a co-writing or joint work situation, splits represent the percentage of ownership each co-writer has over a specific song.

Split Sheets – Documents that outline who wrote what percentage of a work. A split sheet should be created for each and every song you write, before ever shopping it to a third party to be published commercially.

Statutory Mechanical Royalty Rate – The rates set forth by the Copyright Arbitration Royalty Panel for compulsory mechanical licenses. Assuming the work has been previously released to the public, this is the licensing fee the licensee can pay to sell a cover version of a song without having to obtain direct permission from the rightsholder. In the U.S. this rate is currently set at 9.1 cents per track or 1.75 cents for each minute of playing time, whichever is greater.

Sub-Publisher – A publishing company that’s assigned the right to administer songs outside of a publisher’s territory. For example, a U.S. publisher would engage the services of a sub-publisher in Germany to handle its affairs in that country.

Synchronization (Sync) – The overall use of music in audiovisual projects. More specifically, sync refers to the use of a song in television, movies, and commercials.

Sync Licensing Fees – Payments made to a songwriter or music publisher for permission to use a song in sync with visual images on a screen. Sync royalties are generally a one-time sum paid directly to the publisher. For example, when the CW

uses The xx's "Crystallised" or Sebastien Tellier's "La Ritournelle" in *Gossip Girl*, the publishers representing those songs are paid directly for the use of the music. In addition to the sync license fee, songwriters and publishers also benefit from performance royalties when the program is aired in certain instances. See Performance Royalties for more.

Unmatched/Unclaimed (Misalloacted)

Royalties – Royalties earned that are unable to be matched to a copyright owner by the collection societies. This happens when songs aren't registered correctly or the contact information for the songwriter is unavailable. Refer to retroactive royalties for more.

U.S. Copyright Office – The government body that maintains records of copyright registration in the United States. A work is technically copyrighted once it's in tangible form, but registering it with the U.S. copyright office is an additional way to protect its copyright. In order to file an infringement action (i.e., to recover damages or stop someone from using your copyright without your permission), your work needs to be registered with the U.S. Copyright Office. Visit the [USCO](http://www.uscopyright.gov) for more.

User-generated Content (UGC) – Short for user-generated content, UGC is the term used to describe any form of content such as video, blogs, discussion form posts, digital images, audio files, and other forms of media that was created by the community and is available to the public.

Musical Work – In this context, a song or musical composition.

Work-For-Hire – In this context, an arrangement in which a songwriter composes a musical work within the scope of their employment and does not retain any copyright or publishing ownership over the work. Work-for-hire situations are common in film, TV, and advertising, in which production companies often hire composers to write works specifically for their projects. Rather than the composer retaining ownership of the work and subsequently licensing its synchronization use to the production company, the company retains ownership of the copyright after its creation and compensates the composer in the form of a fee.

Writer's Share – The percentage of ownership in a work attributable to the author and/or composer.

