

Monetising Music Rights

The Flow of Royalties



1. EVERYTHING STARTS WITH THE AUTHOR



A song is written by a songwriter (author, lyricist, composer). They are granted copyright in the song in the form of a bundle of rights:

- The right to copy
- The right to distribute
- The right to publicly perform the song e.g. to sing it in public
- The right to broadcast the song

2. PUBLISHING

The songwriter may or may not be an artist but either way, the song must be commercialised to make money. This is usually by getting the song recorded. The songwriter can do this himself or work with a music publisher.



A music publisher's job it is to get the song recorded and make money from licensing the song.

The songwriter will enter into a music publishing contract which transfers the copyright to publisher or authorises the publisher to administer and commercialise the copyright. The publishing contract should be in writing.

3. MECHANICAL



The musical work (song) has to be recorded and the studio or record company which is going to record the song, should obtain a licence called a "mechanical" to record and make copies of the song.

The mechanical licence can be issued by the publisher or if the CMO manages these rights, then the CMO.

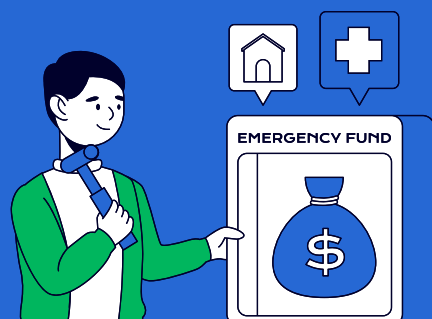
4. LICENSING

The copyright in the song can be licensed for use in advertisements, films, games and other productions. When the song is used in an audiovisual production then a synchronisation licence ("synch") is required. A synch is also a form of copying the song.



5. SAMPLES

Both the songwriter and music publisher can join a collective management organisation (CMO), to earn royalties when the song is broadcast and performed in public.



6. ADAPTATION

If any changes to the lyrics are made to the song, then the songwriter must agree and adaptation fees must be paid.



If there is a sample used, then a licence is required for use of the song.

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A record company (in the Caribbean often a studio or even the artist) will pay a mechanical licence to the publisher/songwriter to have the song recorded by an artist.

The copyright in the master recording is separate and distinct from that in the musical work (song) and owned by the record company/studio/artist.

The owner of the master recording should seek to commercialise it. For digital distribution this often means that the owner of the master signs with a digital aggregator.



The owner of the master owns copyright in the master and the performers own performers' rights.

They are able to join a CMO to manage their rights in the recording and the recorded performance which are similar to the rights enjoyed by songwriters and publishers.

The copyright in the master recording is separate and distinct from that in the musical work (song).



When the master recording is used in productions e.g a film, advertisement or game, then a synchronisation (master use) licence is required from the owner of the master.

Similarly, a licence is also required if the recording is used in a sample. These licences are separate and distinct from those issued on the publishing side.

1 Licences for Streaming

A streaming platform requires the following licences:

1. Communication to the public - Copyright
2. Reproduction - Digital Mechanicals
3. Making available to the public master recording



2 Communication to the Public - Copyright

The Communication to the Public is licensed by CMOs on behalf of songwriters and in most instances, publishers.

3 Digital Mechanicals

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Digital mechanicals are paid when copies of the song are sold (or streamed). The mechanical licence can be issued by the publisher or if the CMO manages these rights, then the CMO



4 Master Right Licence

For digital distribution this often means that the owner of the master signs with a digital aggregator.

5 Aggregation - Master Right

The digital aggregator signs a licence agreement with the digital platforms, such as Spotify. The platforms pay royalties for the use of the copyright in the master recording to the owner of the master recording.



6 Aggregation - Artist

The owner of the master should then account to the artist for royalty payments.