

# Royalties

This chapter will discuss royalties, the various types, and where you can collect them from, including your rights to digital performance royalties, public performance royalties, neighboring royalties, and mechanical royalties. Royalties law may differ from country to country so consider seeking the advice of a lawyer in your region before acting on something. The examples used in this chapter may not reflect your geographic location.

## **So who gets the royalties?**

In short, the right holders. If you're one of the below-mentioned whose recordings have been broadcasted, streamed, or played in public, and you own the rights, you may be entitled to royalties.

- Music creator
- Songwriter
- Music publisher
- Recording artist
- Background performer
- Session musician
- Record label

## **Where do royalties come from?**

By law, music users must pay for licenses to use sound recordings in their businesses. These businesses pay royalty collecting organizations, then deliver the right holders mentioned above. Below are some examples of music users who must pay to use music.

- Broadcasting companies (radio stations, TV stations, etc.)
- Music streaming services (Spotify, Apple Music, etc.)
- Various public businesses (bars, restaurants, clubs, fitness studios, etc.)

## **I'm a creator/composer/songwriter/publisher; in which cases am I paid royalties?**

If you are a songwriter or publisher and own a composition cut, you may be entitled to royalties when your song is played or performed in the following instances.

- Streaming services
- YouTube
- Terrestrial radio
- Karaoke
- Video games
- Live performance/concerts
- Campus radio
- Community radio
- Satellite radio
- Television
- Cinema/movie theatres
- Ringtones
- Private copying

## **How do I collect royalties?**

As mentioned above, there are multiple not-for-profit royalty collecting organizations and agencies worldwide dedicated to collecting royalties from music users and distributing them to

the proper right holders. As a right holder, it is your responsibility to register yourself and your work with multiple collecting agencies so that they can send your money.

## **Different types of royalties**

### **1. Sales**

The most common/basic royalty is the sales of music. If you are independent, you collect your sales. If you're signed to a record label, the label contains your sales revenue and distributes a percentage for you.

### **2. Digital Performing Rights Royalties**

SoundExchange licenses music to digital music streaming service providers and webcasters such as:

- Spotify
- Apple Music
- Pandora
- SiriusXM
- More than 2500 other businesses around the world.

#### **These streaming service providers pay SoundExchange, and SoundExchange pays:**

- The sound recording copyright owner
- Artists on the song

Many major labels and publishers have negotiated deals directly with major streaming services like Spotify and Apple Music, bypassing SoundExchange when dealing with royalties. It is entirely within your rights to negotiate directly with these webcasters should you decide that is best. If you are independent, you may not have enough negotiating power to make a better deal, and the more straightforward route is to go through SoundExchange.

Royalties are distributed monthly if you meet the \$250 minimum or quarterly. Register your songs with SoundExchange, and when your songs are streamed online, you receive royalties anywhere from 6 to 12 months later, on an ongoing basis as your music is played.

As a paid user of the 360 Artist Group, we distribute and collect your royalties if you have chosen to release your music with us. We perform payouts every month when money is collected for your release.

### **3. Public Performance Rights Royalties**

Public Performing Rights Organizations (PRO's) are societies that license music to businesses/music users that play music publicly, such as the following.

- Radio stations
- Bars and venues
- TV shows and films
- Restaurants
- Airports
- Fitness and dance studios
- And more

These businesses/music users pay the PRO, and the PRO delivers the right holders. There are two different kinds of PRO's in this case. One collects and pays out royalties to:

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- Composers
- Songwriters
- Lyricists
- Music publishers

And the other (also called 'Neighbouring Rights' organizations) collects and pays out royalties to:

- Musicians
- Background players
- Vocalists
- Record companies

To do: Find out what organizations exist in your country that collect and distribute royalties to songwriters, publishers, makers, and record labels. If you need some help, start a chat with us or ask your career coach/manager. To learn more about basic music rights, follow the 'Legal' course in the academy.