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PUBLISHING NOTES

Websites of interest

The following performing rights organizations collect composers' and publishers' airplay royalties. Note that these royalties include moneys collected from radio, television, film, live performance, digital and web broadcasts just to name a few.

www.bmi.com

www.ascap.com

www.sesac.com

www.loc.gov/copyright (synchronization licenses)

The Harry Fox Agency is the largest music licensor in the world. Harry Fox collects mechanical royalties for publishers. They no longer negotiate synchronization rights.

www.harryfox.com

Sound Exchange is a U.S. government agency. This non-profit entity collects digital broadcast royalties for artists, SR copyright holders and musicians who perform as side-musicians on recordings. If you are a recording artist, SR copyright owner or studio musician, you must register with Sound Exchange in order to collect payments. For more information, please see: www.soundexchange.com

Government websites for the U.S. Copyright Office, Small Business Administration and the Internal Revenue Service can be found at:

www.copyright.gov

www.sba.gov

www.irs.gov

You can find information on everything from copyright law and statutory mechanical rates to how to start your own business at the above websites.

Publishers

The rights of a publisher are known as administration rights. Administration rights include finding users, issuing licenses, collecting money and paying the writer.

A publishing company can have many departments. Below is a list of various departments and their duties.

ADMINISTRATION

Business affairs, operations, accounting, copyrights, licensing and permissions.

ACQUISITIONS

Contracting writers and purchasing catalogs.

PRINT PRODUCTION

Editing, engraving, art, copy and printing.

PROMOTIONRecordings

Artists, managers, producers, A&R representatives, record companies and musical directors. Basically, you want to shop your material to anyone who is involved in the decision process.

Performances

Producers, artists, musical directors.

Advertising

Print ads, convention and store displays, direct mail, internet sales, phone sales and special campaigns.

Distribution & Sales

Rack jobbers, wholesalers, retailers, direct mail, internet.

Sub-publishers & Licensees

Domestic and foreign markets.

Types of publishers:

Independents – small companies who are often under the umbrella of a larger major publisher. These companies may belong to the Association of Independent Music Publishers. They tend to charge a percentage for administration duties and don't usually market or "push" the material.

Majors – most record companies have manage or administrate their own publishing affiliate. Examples would include Sony/ATV, BMG, Warner/Chappell, Universal and EMI to name some.

Recording company affiliates – these are smaller companies affiliated with the companies mentioned above. The affiliates may have access to many new writers and materials and then use the major publishers to take care of administration, marketing and placement of songs with artists.

Artist-owned companies – when artists who also compose will rather administrate their own publishing than give up profits.

Writer-owned companies – as with the artists, the writers administrate their own works in order to maximize profits.

Educational publishers – these are publishers who specialize in music for educational institutions and ensembles.

Specialty publishers – these are publishers who specialize in a niche market. Some of these include Gospel, choral, jazz and children’s music publishers.

Concert music (classical music) – these publishers specialize in classical music. A large part of their income comes through the rental of repertoire to orchestras.

Sub-publishers – Publishers who deal with very specific markets that may be uncharted territory for larger companies.

Licensees – these companies issue licenses to television and film producers, video games, churches and anyone wanting to use their material. Harry Fox is the largest and most well known licensing company in the world. The Canadian Mechanical Rights Reproduction Agency or CMRRA, is the Canadian counterpart to the Harry Fox Agency.

TERMS, DEFINITIONS AND INFORMATION

Mechanical royalties are monies paid by a record company for the right to use a song in records. Effective January 1st, 2004, the standard maximum statutory rate is currently 8.5 cents for a 5-minute song and 1.65 cents for every additional minute or fraction thereof. This rate increases over time in order to keep up with inflation.

Note that the rate in Canada is 7.7 cents for the first 5 minutes and 1.54 cents for every additional minute or fraction thereof. Also note that this is paid in Canadian pennies.

Record companies most often try to pay a reduced rate of mechanical rates. They most often ask to pay on 75% of the minimum statutory rate. This means they want to pay 75% of 8.5 cents or **6.375 cents** for each song in question. This also means they want to pay 6.375 cents even if the song is longer than 5 minutes.

Synchronization rights or sync rights are issued to users who want to “sync” to music to a visual medium such as film. These licenses are on a one-to-one basis and are negotiated individually.

Effective January 1, 2006, the mechanical royalty rate will increase to 9.1 cents for songs up to 5 minutes in length. Songs longer than 5 minutes will earn 1.75 cents per minute or fraction thereof.

The controlled composition rate effective 2006 will be as follows:

Song 5 minutes or less = $9.1 * .75 = 6.825$ cents

Song of length 5:32 = $(6 * 1.75) * .75 = 7.875$ cents

For more information, please visit:

<http://www.harryfox.com/public/licenseeRateCurrent.jsp>

The following is an example of the “Miami” publishing deal. This deal is all too common and very bad for your pocketbook.

“I really love your music. It’s brilliant. If I may be so bold, I think you’re a genius.

Since you’re an expert writer and my talent is business, let’s do a publishing deal and split everything 50-50. You get the writer’s money and I’ll take care of publishing.

It’s the smart way to go. After all, you want to write and you don’t have time to drive around from radio station to radio station and collect your money. Are you?

Our standard deal is for 5 years. Most people want to sign for a lot longer but we want to give them the opportunity to explore other options if they’re not happy after 5 years. Trust me, most people never want to sign with another publisher after they sign with us.

Welcome aboard. Just sign here.

You have made a great decision joining our team. You’re going to hear your music on the radio and it’s going to be on millions of records. Just wait until those checks start coming in.”

THIS IS EXACTLY WHAT HAPPENS TO TOO MANY WRITERS.

Please note that 8.5 cents is written as .085. Similarly, 1.65 cents is written as .0165. You must convert this numbers to their correct form in order to compute the mechanical royalties correctly.

2005 mechanical royalty rates example

Length	Rate	Controlled composition rate (75% or the statutory rate in the previous column)
5:00 or less	8.5 cents = .085	\$.06375
5:01 – 6:00	.0165 * 6 = \$.099 (9.9 cents)	\$.07425
6:01 – 7:00	.0165 * 7 = \$.1155 (11.55 cents)	\$.086625
7:01 – 8:00	.0165 * 8 = \$.132 (13.2 cents)	\$.099

2006 mechanical royalty rate example

Length	Rate	Controlled composition rate (75% or the statutory rate in the previous column)
5:00 or less	9.1 cents = .091	\$.06825
5:01 – 6:00	.0175 * 6 = \$.105 (10.5 cents)	\$.07875
6:01 – 7:00	.0175 * 7 = \$.1225 (12.25 cents)	\$.091875
7:01 – 8:00	.0175 * 8 = \$.14 (14 cents)	\$.105