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# The Business of Composing Part 2 Licensing

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**T**his is Part 2 of our articles on revenue for composers. In Part 1 we discussed commissions, publishing, and selling sheet music, and appearance fees/residencies (see pages 24-32); here in Part 2 we will discuss Licensing. We (Dan and Jake) have both had to sort through a wide variety of licensing situations, and in our conversations we've realized just how complicated these licensing issues are, both for composers and publishers. Many composers (both in traditional publishing and in self-publishing) accept revenue if it comes in but have no idea how "the system" works, and feel frustrated when it doesn't seem to work as expected. Similarly, there are no substantial resources to help choral conductors understand the system.

If you publish music with a traditional publisher, and don't care about all the inner workings, you don't *have* to understand all the details of licensing; you can trust your reputable publisher to handle all this for you. However, as more composers self-publish, the number of questions keeps increasing, especially regarding choirs making audio and video recordings of their music, and it's extremely difficult for composers (and conductors) to find a comprehensive overview of licensing. So, we're going to try! This article will explain the various revenue streams from licensing, with an emphasis on the complicated world of digital audio and video. Our goal is to share the things we've learned, in hopes that we can clarify terms, processes, and issues for our entire choral community. We want to educate and empower composers, and enable conductors to support the composers and publishers of the music they love! Ready for a deep dive?

# The Business of Composing, Part 2 - Licensing

## Key Terms

**Licensing** refers to all the ways that composers and publishers (as well as performing artists, sound recording owners, etc.) grant permission and collect revenue for various uses of their copyrighted work beyond the sale of the original sheet music. Selling sheet music is usually the more profitable income stream; many licensing situations do not yield significant income. However, licensing can be lucrative in certain situations (i.e. if a composer's music is used on a widely-broadcast TV show or commercial), and even the smaller aspects of licensing can add up to worthwhile income.

Most types of licensing generate **royalties**, which are typically paid to the publisher and then split 50/50 between publisher and writer(s) (the composer, and, if applicable, author or text copyright holder)—a much higher percentage than the traditional 10% royalty paid on sheet music. Self-publishers, of course, keep “both halves” of licensing royalties (composer 50% and publisher 50%), but have much more work to do.

There are many types of licensing, and publishers' policies may vary on some of them, including license to arrange (adapt/change original content), transcribe (translate to a new medium/instrumentation without altering original content), or orchestrate copyrighted music (**arrangement or orchestration license**); to reprint copyrighted music as part of a collection or project (**print license**); to create performance tracks; to broadcast recordings of the copyrighted music on radio or television (**broadcast license**), etc. Policies for these types of licensing are best discussed directly with individual publishers.<sup>1</sup>

In all these aspects, the publisher (traditional or independent/self) controls all rights to the original work, and the works may not be used or adapted without at least permission, and often a license (with an associated fee) from the publisher, which generates income for the composer. Conductors, take note: when you properly pursue permissions and licensing, you're directly supporting choral composers!

Some types of licensing, however, have standardized policies and mechanisms that control the revenue streams. These licenses usually relate to the use of the musical work in audio or video recordings, and include **Mechanical Licensing**, **Synchronization (Sync) Licensing**, and **Performance Licensing**. These li-

censes and royalties have existed for decades, but their meanings/applications have broadened in the internet era. First, let's get an overview of the traditional (pre-digital era) applications of these terms, and how they've expanded in the digital era; then we'll get into the details of how the digital era works.

## Traditional Licensing (Pre-Digital Era)

A recorded performance (audio and/or video) of music has various aspects of ownership that are essential to understand:

- The “**musical work**,” sometimes called “underlying work”: the musical composition itself, which is owned by the publisher/copyright holder.
- The “**sound recording**”: this particular recording of the musical work, which is typically owned by whoever paid for or “produced” it—perhaps a composer and/or choir who hired a recording engineer, produced a recording, and agreed on who would own that recording; or perhaps a record label.
- The “**video recording**”: again, typically owned by whoever produced this video recording of the work.

The producer of a recording must secure a license from the publisher (the copyright holder of the musical work) in order to create their recording. The producer of the recording is then entitled to collect revenue from their recording, but royalties are paid (in various ways, depending on the usages) to the publisher for the use of their copyrighted music. (As previously mentioned, these royalties are then split between publisher and writer[s].)

**Mechanical Licensing and Royalties:** Before the internet, this term simply referred to the license required by publishers when someone recorded and distributed a physical audio recording (e.g., a phonograph, cassette, or CD) of a performance or “cover” of a publisher's copyrighted music. This process is still in use for physical recordings, and can be done two different



ways, called “compulsory” or “voluntary.”

- Compulsory mechanical licenses follow a strict set of legally-mandated terms: by law (US Copyright “Circular 73”) publishers are required to allow other recordings after their initial recording is released, as long as the licensee files proper paperwork notifying the publisher of their intention to record the work, provides monthly statement of account and royalty payments, and provides an annual detailed statement of account, certified by a certified public accountant. Companies like the Harry Fox Agency or Easy Song Licensing use compulsory licenses to operate as third-party intermediaries for mechanical licensing.
- Voluntary mechanical licenses are contracted directly by the recording producer with the publisher. This establishes direct communication and relationship between producer and copyright holder, and can allow for more accommodating terms or less cost (i.e., the publisher may not charge an administrative fee the way a third-party intermediary would).

The rates for compulsory mechanical licenses are set by the government—a “statutory rate” based on duration of the recorded track, and publishers almost always use these same rates when issuing voluntary mechanical licenses. However, in the internet age, the term “mechanical royalties” has broadened to include *digital* mechanical royalties paid when someone downloads or interactively streams digital musical recordings online. These are calculated differently than physical mechanical royalties, and surprisingly, the responsibility for “who pays” these digital mechanical royalties has changed somewhat (even though recording producers are still responsible for paying the physical mechanical licensing, as always). We’ll explain below.

**Sync Licensing/Royalties:** Before the internet, this term referred to the license required by publishers when someone recorded and distributed a video recording (VHS, DVD) that either showed a live performance of the publisher’s copyrighted music or used their music as a soundtrack for other visuals. These licenses are still in use for physical video recordings; but in the internet

age, the term has broadened to usages for digital video distribution and online video posting. Note that there is no government-set “statutory rate” for sync licensing; each publisher (or their licensing representatives) sets their own rates.

**Performance Licensing/Royalties:** Again, before the internet, this term had a narrower meaning, referring to the license required for live performance of a publisher’s copyrighted music (live worship services and certain non-commercial, in-person K-12 school performances are exempt from this kind of licensing; but colleges/universities, community ensembles, professional ensembles, radio stations, performance venues, etc., are required to license their performances).

Ensembles or performance venues usually buy a “blanket” license for their live events from a **Performing Rights Organization (“PRO”)** such as ASCAP, BMI, SESAC, or others. (We’ll refer mostly to ASCAP in this article, but structures are similar with other PROs.) This license provides the rights to perform all music represented by that PRO for one annual fee—thus the term “blanket.”

The PRO collects these fees, and collects user-reported annual data (on what music was performed, by whom, in what situations), then uses complex formulas to assign “weights” to each performance. The PRO pays out the collected money according to the weighted value of each performance, split as follows:

- 50% to the “writer” (i.e., the composer; however, if there are multiple composers involved, and/or a copyrighted text or living lyricist, this portion is split between them based on how they have agreed to divide it).
- 50% to the publisher (i.e., the copyright owner; if there is more than one publisher involved, the publisher half may be further subdivided as well).

These live-performance royalties are still an important part of a composer’s revenue, but in the digital era, this term has broadened to also include the “public performance” aspect of digital audio streaming (details below).

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## The Digital Era

**Digital Audio and Video Licensing and Royalties** are some of the most complex areas of music licensing, and have changed significantly in the last few years. Few resources exist to pull together all the different strands into one resource; we hope that what follows might provide an understanding of the whole picture for music creators.<sup>2</sup>

Originally, “digital distribution” of music referred only to Downloads (nowadays more specifically called “permanent downloads”), in which the user receives, permanently owns, and stores a musical file on their own device. Permanent downloads are still a source of revenue, since some people prefer to purchase and download files for permanent ownership, e.g., on iTunes (not to be confused with Apple Music, which offers streaming).

However, piracy (illegal sharing of music files instead of purchasing) became rampant when downloading was the only option, so the industry opened up a new avenue where users can access an entire library of music for a subscription fee that cost much less than downloading all one’s music. (Note: this did “reduce piracy” but slashed revenue for all but the most popular artists; many composers received much more income from iTunes in the “download era,” in spite of piracy, than they do now in the “streaming era”!)

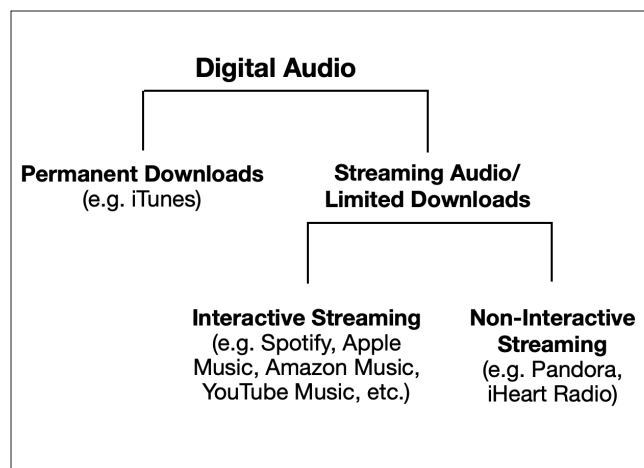
This new “access library” approach is called **streaming audio**: audio streamed by a user from a **Digital Service Provider (DSP)** such as Apple Music, Spotify, Pandora, etc. In this model, the audio file is played through the device (computer, phone, etc.) but does not permanently stay on the device. Streaming platforms like Spotify offer “free” versions that run ads, as well as a “subscription” version which is ad-free and may offer more features; other platforms like Apple Music do not offer ad-supported versions, and always require subscription. Subscription fees are typically around \$10/month—the former typical cost of one album download.

As part of a paid subscription, some DSPs may allow audio to be downloaded onto the user’s device in that platform’s app, but the download is not a permanently owned file; the user’s subscription must be maintained in order to preserve their access (known as a “**limited download**”). Since the recording is not “permanently

downloaded” or owned outright, this is still considered “streaming” audio.

**Streaming audio is divided into two different categories:**

1) Interactive streaming, where the user has some level of choice about what tracks they listen to (e.g., Apple Music, Spotify, and many others), and 2) Non-Interactive streaming “internet radio” where the user “tunes in” but doesn’t directly choose what to listen to (e.g., Pandora or iHeart Radio).



All DSPs collect revenue from their subscribers, monitor the plays on their service, then distribute revenue based on that data. (We sometimes see figures about what DSPs pay “per play,” but it’s almost always more complicated than it sounds; there is no clear “rate per play” in streaming audio. For a detailed explanation on the complexity of calculating and comparing “per-stream rates,” see <https://soundcharts.com/blog/music-streaming-rates-payouts>). For this article, we’ll simply focus on the types of revenue generated—and here’s where it gets more complicated: *interactive and non-interactive streaming both generate multiple types of royalties, which differ from each other.*

## Interactive Streaming – Audio

We’re about to move into some technical inner workings of “the system.” If you’re content at this level of understanding, you don’t have to continue. However, we hope to shine light into some little-understood areas of licensing for those who are interested, and provide answers to common composer questions that are dif-

ficult to find anywhere else. Here we go!

Interactive Streaming (Spotify, Apple Music, etc.) generates three different (tiny) revenue streams:

- 1) **Mechanical Royalties:** the streaming service had to “reproduce” the musical work’s recording for the user who chose it, so the traditional idea of “mechanical” royalties applies.
- 2) **Performance Royalties** (more specifically, “Public Performance Royalties”): since the user doesn’t fully own the track, it’s treated as a public “performance.”
- 3) **Wholesale Proceeds:** because an interactive stream is also considered a “reproduction and distribution” of the sound recording, much like a “retail sale,” this is a revenue share (similar to what a retailer would typically pay to a wholesaler/manufacturer of a product) paid out to the album label (or for independent artists, the album producer/owner), not the music publisher or composer.

**Mechanical Royalties** for interactive streaming are paid by the Digital Service Providers (DSPs, e.g., Apple Music, Spotify, etc.), not by the album producer/label, the way they are with physical albums. As of 2021, these royalties are paid by the DSPs to the newly established **Mechanical Licensing Collective** (“**The MLC**”), who then distributes them to publishers, who then typically split them 50/50 with composers. (The MLC also distributes directly to self-published composers who register as a publisher.) Publishers or self-publishers need to register their published works with the MLC in order to collect their mechanical royalties.

The MLC, a non-profit central clearinghouse for all digital streaming compulsory mechanical royalties in the United States, was created by the Music Modernization Act passed by United States Congress in 2018 as a way to centralize and simplify these interactive streaming mechanical royalties. Since it began operations in 2021, the MLC has already paid out over one billion dollars to copyright holders (as of February 2023), and has quickly developed an excellent reputa-

tion for quality, transparency, communication, and customer service.

- In the past, the Harry Fox Agency and Music Reports used to be involved with these streaming audio mechanical royalties, but this aspect of their work is now completely handled by The MLC. Publishers/copyright holders register works, not recordings, with The MLC. The MLC has various ways of matching registered works with recordings; publishers can also help match up recordings with their registered works.
- Distributor/aggregator services like CD Baby (or TuneCore, Distrokid, etc.) only collect mechanical royalties from streaming audio if you sign up for their additional “Pro Publishing” representation (which would only work if you don’t have a separate publisher; otherwise that publisher would register your works with The MLC, collect these mechanicals, and split them with you). CD Baby Pro Publishing takes a 15% cut. If you are an independent/self publisher, signing up with the MLC as a publisher and registering your own works allows you to collect 100% of your MLC royalties directly.
- Technically, The MLC also offers a blanket license to permanent download DSPs (e.g., iTunes, etc.), but very few DSPs utilize this approach. Most still pay mechanical royalties to the record label/album owner/producer, who is responsible for securing a mechanical license from the publisher.
- The MLC only collects and disburses mechanical royalties; it does not play any role in any other revenue streams, even though their diagram at [www.themlc.com/digital-music-royalties-landscape](http://www.themlc.com/digital-music-royalties-landscape) helpfully shows other revenue streams.

**Performance Royalties** for interactive streaming are reported by the Digital Service Providers (DSPs) to your Performing Rights Organization (PRO) (e.g. ASCAP, BMI, etc), who then calculates the payment amount and pays out that revenue, splitting it 50/50 between publisher and writer(s), the same way they pay live-performance royalties).

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- PROs have “publisher” members and “writer” (composer or lyricist) members, and pay performance royalties directly to all parties involved (split according to how the publisher tells them to; typically 50% to publisher and 50% to writer[s]). If you publish with a traditional publisher, they should be registering your works with your PRO under their publisher account; those works will then automatically link to your writer account.
- The PROs are effective at finding and linking the kinds of performances or recordings that generate significant income, even without additional work on your part. Some composers self-report all performances they can find to their PRO; royalties can vary widely based on many factors, so you may or may not see worthwhile revenue accumulate for these efforts.
- If you self-publish, be sure to sign up with your PRO as a publisher member, and register your self-published works in your publisher account, listing yourself as composer, so you receive both halves (publisher and writer). (CD Baby Pro Publishing is another way to collect the publisher share of performance royalties, but they take a 15% cut; we recommend registering directly with a PRO instead.)
- Again, The MLC does not interact with PROs; the MLC handles only the mechanical royalty side and the PRO handles only the performance royalty side.

**Wholesale Proceeds** (or, more simply, revenue shares) are paid to the album producer/distributor (i.e. a label or recording producer), not to the composer or publisher/copyright holder. If you own the rights to the recording of your work, you can collect this revenue through a service like CD Baby or TuneCore (etc.) who is functioning as your “label”/distributor.

## Interactive Streaming Summary

When someone uses Spotify (or some other interactive-streaming DSP) to stream someone’s recording of a piece you published with a traditional publisher, Spotify pays mechanical royalties to The MLC who then passes them along to your publisher (who registered the work there); and presumably The MLC or the publisher have successfully matched the work to this particular recording), and your publisher splits them with you. Spotify also pays performance royalties to your PRO, who then sends half directly to your publisher and half directly to you, based on streams of the piece.

If the work is self-published, you should register the work in your publisher accounts at both The MLC and your PRO. The MLC then pays the mechanical royalties directly to you (as the publisher), and your PRO will pay your “publisher half” to your publisher account and your “composer half” to your writer account.

Regardless of where/how you published the work, if you own the rights to the album/recording (i.e. you produced a recording of your own work) you’ll also receive wholesale proceeds through your record label (either a standard record label, or CD Baby, TuneCore, etc., who function as a “label”/distributor for self-produced albums). In this scenario, you would receive revenue through three different sources, all generated by interactive streaming (Refer to revenue streams #1, 2, and 3 on The MLC’s chart, linked in end note 2).<sup>3</sup>

## Non-Interactive Streaming – Audio

Non-interactive Streaming (with less user choice about what is listened to, i.e. “internet radio” DSPs like Pandora, Sirius XM, and iHeart Radio) generates two revenue streams:

- 1) **Performance royalties** (which are similar to interactive streaming), reported to your PRO and split between publisher and composer 50/50 (see above). This is why you may see both interactive and non-interactive DSPs listed as generating royalties in your statements from your PRO.
- 2) Non-interactive streams also generate a unique type of royalty sometimes called **statutory royalties** (not to be confused with the “statutory rate”



for mechanical licensing; the similarity in terms is simply because both are rates pre-set by the government), or sometimes called “**digital performance royalties**” (not to be confused with the “performance royalties” we just mentioned!) These are collected by a third-party organization called **SoundExchange**, and split 50/50 between the performer on the album and the album label (i.e. the owner of the sound recording itself).

SoundExchange exists *only to handle these unique “statutory royalties/digital performance royalties” for non-interactive streaming*. Their work does not overlap with The MLC or PROs, and composers and publishers are not involved in this type of revenue, so you only need to register the recording with SoundExchange if you are performing on the recording, thus qualifying for some of the performer/artist share, or if you own the rights to the actual sound recording, thus qualifying for the label share.

If you own the rights to the album and registered it that way with a service like CD Baby, then they function as the “label” in this scenario; they will automatically collect from SoundExchange and pay you (minus the 9% cut they take). If your work is on an album released (owned) by a corporate label (like Sony, Decca, etc) this share is paid to that label, not you. Either way, note that mechanical royalties are not paid on non-interactive streaming, the way they are on interactive streaming, because the recording is not considered “re-produced and distributed” for the listener.

## Video

### **Sync Licensing (direct licensing with the publisher) in the digital era:**

While virtually all publishers still charge sync licenses per-copy-duplicated for physical video recordings (DVDs), their policies vary for posting digital video on the internet. (It’s much easier to calculate a fee per-copy for physical products like DVDs, than to calculate a fee based on “how many people downloaded or streamed your posted video.”) Some publishers and self-publishers may charge a sync license fee for posting videos of performances (live or virtual) on YouTube

or social media. These can range from \$15-25 for one video for one year, to \$100 or more for posting in perpetuity. This can be a helpful revenue stream, but can also seem unfair since many unlicensed videos will slip through, and this system may “penalize” the conscientious people who are careful to inquire before posting.

Other publishers may not charge for posting (non-monetized) videos, focusing instead on making it easy and accessible for performers to share their work; this feels more even-handed and encouraging, but loses a potential revenue stream for publisher and composer.

YouTube has an automated algorithm, **Content ID**, which analyzes and identifies sound clips from commercial recordings and matches that musical content to videos that use this same music (including the original recording, or anyone else’s performance or “cover”). If (and only if) the Content ID system can identify and match the music, then any videos posted to YouTube containing that music (whether a performance video or a soundtrack to other visual content) will generate two streams of revenue:

- 1) Performance royalties for the “public performance” of the musical work (reported by YouTube to the PRO as part of their licensing agreement; the PRO then pays the publisher and writer[s]).
- 2) Ad revenue from any ads that play on the video (sometimes called “social video” royalties). This money is divided among the publisher(s) of the musical compositions, the label/distributor of the sound recording(s) incorporated into the video, and sometimes also the video uploader, depending on their monetization settings and any licensing arrangement the video uploader made with the publishers and label outside of the YouTube system. (The routing of this revenue is complicated and beyond the scope of this article.)

Unfortunately, *there is not currently a way for publishers of choral music to directly establish Content ID accounts with YouTube* (whether self-publishers or even established traditional publishers). Content ID is currently only available for the very large publishers, labels, and distributors in the music industry, so the only way for “the rest of us” to register music with Content ID is to go



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through a third party administrator. Without Content ID tracking your music, no performance royalties or ad revenue is paid out to the publishers or labels/distributors. Instead, the performance royalties go unreported/unclaimed and the ad revenue is simply paid to the person who posted the video (if they've monetized their channel).

An additional challenge for sheet music publishers is that all tracking is based on commercially-released recordings from a label or a distributor like CD Baby. There is no way to register content through sheet music or non-commercially released audio. Music publishers continue to lobby YouTube for access to collecting all these types of revenue, and we hope it will improve in the future.

In the meantime, there are indirect routes to accessing Content ID (although they have limitations and drawbacks). If you use a distributor/aggregator (e.g. CD Baby or others like it) to distribute recordings of your work, you can choose whether to opt in to YouTube Monetization for your recording. Hypothetically, this could be a beneficial “back door” into Content ID; CD Baby would collect ad revenue as your “record label” for any videos (your uploads, or others) that Content ID matches to your recording, only if your work meets the following criteria:

- The musical work the recording is based on is entirely original. Any track containing public domain content is not eligible for monetization on YouTube or Facebook, due to the risk of mismatches and false claims; so choral arrangements of public domain folk songs, hymns, etc. are unfortunately not eligible.
- You own the work's copyright (only the copyright holder of the original musical work can monetize that work through Content ID).
- The work is in an eligible genre. According to CD Baby, certain genres are ineligible for monetization at YouTube (and Facebook). These ineligible genres include not only obvious categories like Karaoke or Spoken Word tracks, but also “Classical” music (even contemporary Classical) as well as the Hymns, Spirituals, or Traditional Gospel

subgenres of “Spiritual.” (This information isn't often discussed publicly, possibly to dissuade clients from incorrectly labeling their works.) Unfortunately, the majority of choral compositions fall into these ineligible genres. Furthermore, genre and subgenre are determined not only by what the album owner selects, but also (according to CD Baby) by analysts at the DSPs who scan and audit music to be sure it fits criteria for monetization. Incorrectly labeled music risks being rejected or removed. However, we have seen albums labeled “Classical” which were accepted by the DSPs for monetization, so this area seems somewhat unclear and inconsistent in our experience. We simply offer this information so readers can be aware of the possible issues that may arise.

Although this may seem discouraging, *remember that these criteria are only for Youtube and Facebook monetization of others' videos containing your music*; even if ineligible for Content ID, your audio can still be distributed on all the DSPs; it just can't be monetized in these additional ways.

If you do have a musical work that is accepted for monetization, CD Baby will use Content ID to collect ad revenue owed to the recording owner and report plays to PROs for any videos that use this music—not just others' videos, but also your own (whether performance videos, lyric videos, etc.); they will take a 30% cut and send you the other 70%. (For your own video of your own performance of your own work, you can use YouTube's Claim Dispute mechanism to dispute CD Baby's claim on your video and collect that video's ad revenue directly from YouTube.) This entry into Content ID will also allow your PRO to match YouTube plays to your copyrighted music, generating some performance royalties for publisher and writer(s).

CD Baby also offers Pro Publishing: this add-on lets CD Baby collect additional revenue for you as your “publisher” (collecting/sharing the YouTube revenue owed to the publisher/copyright owner.) However, most of us have either a publisher (traditional or self) administering and claiming other rights and royalties for the work, so registering with CD Baby Pro Publishing could create conflicts of ownership and claims, and is therefore not a viable option.

Other indirect routes for possibly accessing Content ID and/or monetizing your copyrighted content on YouTube include third-party administrators such as:

- **SongTrust**, which, as part of their overall administration of digital audio/video royalties related to your musical works, can register your eligible musical works with Content ID. However, for composers who already have a publisher administering any publishing rights (e.g. a sheet music publisher, or CD Baby Pro, or self-administering some rights on self-published songs), signing up with SongTrust could create rights administration conflicts, so it may not be a viable option for many.
- **The Harry Fox Agency (HFA)** offers collection of mechanical royalties from a variety of sources, including physical products (CDs), international mechanical royalties, and YouTube/Content ID, as well as other types of non-mechanical licensing for an 11.5% commission. Note that HFA does not collect from The MLC for its members, though, so publishers who affiliate with HFA still need to become members of The MLC.<sup>4</sup>
- Companies like **AdRev** may also be an option—not through Content ID but by actively searching for your content on YouTube and claiming the revenue. Depending on your situation, these services may or may not be available to you, and may or may not capture enough revenue to be worth the effort or cost involved.

These options may have drawbacks that make them less than ideal solutions for choral composers, so many choral composers are not currently collecting revenue through Content ID. However, in spite of all this there are still two bits of good news for choral composers seeking to collect revenue on YouTube:

First, *even without Content ID*, when you upload videos of your own work to your own monetized Youtube channel, you should be able to collect ad revenue on your own videos (even if not on anyone else's videos containing your music, the way you would with Content ID). If you get a copyright claim on your own video from another recording of your work, or a mis-

match, you can appeal it through YouTube to get the claim removed.

Second, you may have noticed **Art Videos** on YouTube. These play audio provided by a record label (or a distributor like CD Baby) to Youtube Music while displaying the album cover for the duration of the track. These videos are treated differently than all the video situations mentioned previously. Art Videos are treated like interactive audio streams (since they are a “spill-over” from YouTube Music, an interactive streaming audio DSP, into YouTube) and are not dependent on matching from Content ID. These videos therefore generate three revenue streams even if you haven't qualified for Content ID:

- 1) **Mechanical royalties**, collected through the MLC. Mechanical royalties are not paid on any other type of YouTube video, but since art videos are treated as interactive audio streams, these generate mechanical royalties to the publisher.
- 2) **Performance Royalties**, reported by YouTube to the PRO as part of their licensing agreement; the PRO then pays the publisher and writer(s).
- 3) **Ad Revenue**: on Art Videos, these are paid by YouTube only to the record label (or to CD Baby/other distributor), not divided with the publisher, because the publisher will collect Mechanical royalties.

#### Other details for streaming video revenue:

**Performance Royalties:** Both YouTube and Facebook have contractual agreements with ASCAP (and other PROs) and pay blanket license fees to cover the “public performance” aspect of videos of music on their platforms. YouTube performance royalties are generated by reported data of actual plays<sup>5</sup>; but Facebook doesn't send actual usage data. Instead, ASCAP creates “proxy Facebook performances” based on the ASCAP music that was performed across all types of media they survey. This is why you may see “Facebook Proxy” payments in your PRO's statement; if a work of yours is included in an ASCAP distribution one quarter, it will automatically generate “proxy” Facebook

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performance royalties the next quarter.<sup>6</sup>

ASCAP also has license agreements with Twitch, Instagram, TikTok, etc, so posts/plays of your music on these platforms can also eventually trigger some performance royalty payments from ASCAP if your music can be identified through a registered recording. Other platforms (e.g., Vimeo and Twitter) have not currently reached agreements for licensing.

CD Baby and other similar distributors also offer other monetization options for self-owned albums:

- A Facebook Monetization program similar to YouTube's Content ID program (with, unfortunately, the same heavy limitations on eligibility). If you opt in and have eligible recordings, CD Baby will collect and distribute sound recording earnings for the recording owner from Facebook.

- The publisher's side of revenue for Facebook can only be collected through CD Baby Pro Publishing (or the few large companies that have rights management account with Facebook (e.g., BMG, Kobalt, Songtrust, etc). However, these options would, again, only be available if you don't already have a publisher collecting other revenue or administering other rights for your work; this is likely not the case for most choral composers publishing or self-publishing their work.<sup>7</sup>

- A Sync Licensing program which makes your music available to music licensors looking for music to use as soundtracks to videos; if they select your music, CD Baby negotiates an upfront fee on your behalf and pays you 60% of that fee. Most sync usages also result in performance royalties as well.

### Conclusion


We'd like to reiterate: the revenue streams mentioned here are not get-rich-quick situations for most choral composers. Significant visibility and large play-counts are needed to generate significant revenue. However, some of these revenue streams can add up to amounts that make the effort worthwhile, if your music is getting significant plays and posts.

The digital landscape is constantly evolving; but the collection mechanisms through PROs and The MLC

are now much better established than they were even 5-10 years ago. Our best advice for any composer is to register as a writer member with a PRO of your choice, and be sure your works are all in their system—this one simple move can capture performance royalties from live performances, interactive streams, and non-interactive streams! The U.S.-based PROs have relationships with their counterparts around the world, as well; so registering with one will help performance royalties to be collected around the world, should live performances happen overseas. If there are widely-played recordings of your music on Apple Music or Spotify, we recommend talking to your publisher to be sure those works are registered with The MLC, or if you self-publish, register your publisher entity and your works directly with The MLC.

If you want to do less of this work yourself, there are third-party administrators/advocates available for hire such as Songtrust, Harry Fox Agency, Sentric, etc, who will track and collect the royalties mentioned above (as well as international performance royalties) in exchange for a registration fee and/or a cut of your royalties. This may be worthwhile for self-publishing composers with enough music being recorded and distributed digitally, and/or complicated situations. Individual companies' policies/applications may vary with respect to administering certain rights but not all rights, which may make them unfeasible for composers who already have one or more publishers administering certain rights to their published pieces, or who self-administer their rights for self-published works. Talk to these companies about your options, if interested.

We also hope that conductors will better understand the importance of securing licensing to support composers, including a blanket performance license from PROs (and accurate reporting of their performed repertoire) as well as mechanical licensing for CDs or download sales. For recordings posted to streaming DSPs, a simple heads-up to the composer about your recording can help the composer (and/or their publisher) track down that revenue as well.

Thank you to all the choral conductors who support new music from living composers, and to all the composers making new music. We hope these articles clarify your options and point you toward success in the business of composing! 

*Authors' Note:* Our thanks to Alec Harris (President of GIA Publications and One License) and Mallory Fatke (Director of Corporate Communications for The MLC), who contributed to or reviewed this article to make it as accurate and helpful as possible. CD Baby support also provided some information regarding their policies. (It's worth noting that our inquiries to SoundExchange Support, SongTrust Support, AdRev Support, and YouTube Support did not receive direct/ personal answers. Some offered stock replies or links to FAQ pages but declined to answer further questions or review our article wording. This simply underscores the difficulty for artists of getting clear answers or a comprehensive viewpoint on these issues, even from the organizations directly involved!) Most of all, we wish to thank Serona Elton (Head of Educational Partnerships for The MLC), who kindly put on her music industry professor hat and provided valuable input and corrections that we couldn't get elsewhere, as well as content throughout this entire licensing article.

### Resources

(note that terminology may sometimes vary slightly between sources):

#### The MLC:

- [themlc.com/frequently-asked-questions](http://themlc.com/frequently-asked-questions)
- [vimeo.com/536917700](http://vimeo.com/536917700) — MLC's explanation of the big picture

#### PROs:

- [ascap.com/help](http://ascap.com/help)
- [ascap.com/help/royalties-and-payment/make-money-youtube](http://ascap.com/help/royalties-and-payment/make-money-youtube) — How ASCAP handles public performance royalties from YouTube Videos
- [bmi.com](http://bmi.com)

#### SoundExchange:

- [soundexchange.com/about/general-faqs/](http://soundexchange.com/about/general-faqs/)

#### CD Baby:

- [support.cdbaby.com/hc/en-us](http://support.cdbaby.com/hc/en-us) — CD Baby has a number of helpful articles that discuss the interaction

of various revenue streams and entities involved.

- [diymusician.cdbaby.com/category/music-rights/](http://diymusician.cdbaby.com/category/music-rights/) — CD Baby's blog about music rights
- [diymusician.cdbaby.com/music-rights/youtube-monetization-musicians/](http://diymusician.cdbaby.com/music-rights/youtube-monetization-musicians/) — overview of YouTube monetization from CD Baby
- For other distributors/aggregators see [tunecore.com](http://tunecore.com) and [distrokid.com](http://distrokid.com).

### Third-Party Information:

- [soundcharts.com/blog](http://soundcharts.com/blog)
- [royaltyexchange.com/blog/royalty-guides](http://royaltyexchange.com/blog/royalty-guides)
- [harryfox.com/faq](http://harryfox.com/faq) — general information about licensing, terms, rate charts, etc., as well as information about what HFA offers.

### NOTES

- <sup>1</sup> For an example of one publisher's complete licensing policies, see the Beckenhurst Press (where Dan serves as Vice President of Publications and Editor) licensing page: [beckenhurstpress.com/licensing](http://beckenhurstpress.com/licensing).
- <sup>2</sup> One of the best currently available resources is [themlc.com/digital-music-royalties-landscape](http://themlc.com/digital-music-royalties-landscape)
- <sup>3</sup> Fair warning: the revenue streams from these DSPs are notoriously small—literally fractions of a penny per stream—so large numbers of plays are required to generate significant revenue. Search this topic online to see the plethora of articles written about this problem, and the ongoing attempts to improve the situation.
- <sup>4</sup> For more information on what HFA does and doesn't offer, see <https://www.harryfox.com/faq>.
- <sup>5</sup> <https://www.ascap.com/help/royalties-and-payment/make-money-youtube>.
- <sup>6</sup> See <https://www.ascap.com/help> under "Streaming Royalties."
- <sup>7</sup> For more information, see <https://support.cdbaby.com/hc/en-us/articles/360002633912-Facebook-Monetization>.