

COPYRIGHTS, PUBLISHING, CCLI, ROYALTIES...OH MY!

(or “I wrote a song...now what?”)

By **Tony Guerrero**

Writing a song has been compared to giving birth to a baby. This analogy carries over into the care, feeding and protection of that song... it is a confusing, overwhelming, frustrating and yet rewarding task. Hopefully, this elementary overview will help to get you started.

As soon as you've written a song, you legally own 100% of it – *you* are the **writer** and **publisher** and own *both* the *writer's share* and the *publisher's share* (if a song is co-written, each author can own an equal portion of each share). Once other people start using it, recording it or releasing it, it becomes a potential financial commodity. Naturally, the more people use it, the more people will want to own a part of it. Here's how your song's value is broken down:

YOUR SONG	
50% - Writer's Share (Always keep this!)	50% - Publisher's Share (Negotiable)

As your song becomes a financial commodity, you should *always* retain all of your **writer's share**, even if you sign a portion of the publishing share over to an outside publisher. Be wary of *any* contract offer that attempts to take your writer's portion and all of your publishing!

The **publisher's share**, however, becomes your negotiable portion. If a publishing company or record label wants to use and promote your song, owning a portion of the publishing share is how they will make money on it. When you commit a song to a publishing company, it is the company's responsibility to promote that song, either by placing it on a well-promoted catalogue of songs or by placing it in the hands of artists who may want to record it. The larger the company, the more people have the potential of hearing and using your song. Some companies even offer advances – money paid upfront to the writer before any royalties are made.

UPSIDE: They are responsible for financially promoting your song and can often reach more people than you can alone.

DOWNSIDE: If the song doesn't do well with them, they still own it for the duration of the contract (often, this is in perpetuity) and will continue to profit from its use even if someone else's promotion is responsible.

It is common to split the publishing share between yourself and an outside publisher or even multiple publishers. This is why you often see multiple companies listed on sheet music. One company may be assigned the administration duties (distribution of all monies based on assigned ownership shares) or, if there are multiple publishers involved, each can opt to administer their share. Here's one example of how a song can be split:

50% - Writer's Share (Always keep this!)	Publisher A 25%	Publisher B 12.5%	Publisher C 12.5% (Admin.)
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You may not realize that *anyone* can be a publisher, even you! Every songwriter should set up a publishing entity through an agency such as ASCAP, BMI or SESAC (there are others internationally, but these are the only agencies in the U.S.). These agencies are responsible for distributing all performance royalty payments on your song (see below for definitions of “performance royalties” and “mechanical royalties”).

Aside from the commercial reporting agencies, the church world has its own unique organization for the distribution of performance royalties known as CCLI (Christian Copyright Licensing International). Churches pay yearly fees for the right to use privately owned songs and report their weekly song usage to CCLI who then distributes money to the administering publisher for each song.

Here’s a simple step-by-step process to set yourself up:

- 1. Register each song with the U.S. Copyright office.** You can register songs individually (recommended, but pricey!) or register multiple songs as a collection (“Joe’s Songs, Volume 1”) which can protect all songs contained within for the same price as a single work. Visit their website for details.
- 2. Register as a Writer Member** with ASCAP, BMI or SESAC. You can visit them online to learn how. If this is all new to you, get on the phone to them and ask someone to walk you through the relatively confusing process. Your Writer Membership will receive royalty payments for the Writer’s Share.
- 3. Register as a Publishing Company (unless another publisher will publish your songs).** Pick a unique company name. It is best to register with the same agency as your writer membership. Your Publishing Company will receive royalty payments for whatever percentage of the Publishing Share you are able to hold on to.
- 4. Register each unique song title** and information into your new publishing company’s database. You can do this online and it is set up so you only have to register in either your writer’s membership or your publishing company and the information will transfer to the other.
- 5. If your songs have potential for church usage, sign up with CCLI** and register your **songs and publishing company**. Again, you can do this online, but I’d recommend a phone call for first time registrants.

What are royalties?

There are two basic types of royalties that get paid for a song:

Performance Royalties – When a song is used for broadcast (radio, TV, movies, satellite, cable, etc.) or in concert, fees are paid by the “user” (a radio station, a concert hall, etc.) to the appropriate agency (like ASCAP) who then distributes it to (a) whoever owns the Writer’s Share; and (b) the Administering Publisher, who in turn distributes any remaining publisher’s shares.

Mechanical Royalties – Mechanical royalties are usually paid out directly by record companies (or by The Harry Fox Agency who represents many of the publishers and labels) to the administering publishers for the right to include a song on a commercial recording (for this example, a CD). The administering publisher(s) distributes 50% of

that money to the songwriter owner, with the remaining 50% to be kept or divided among multiple publishers.

Any record company recording your song is required to obtain a license from the administrating publisher(s). Mechanicals are set to a standard rate* per song on each CD, which is split between all relevant publishing companies. It doesn't seem like much, but it can add up! Based on what is agreed to in the license, this can be for either each CD *manufactured* or for each CD actually *sold*. Recently, a 75% statutory mechanical rate has become the norm since many companies do not want to pay the full rate.

** This rate changes every 2 years. The maximum compulsory statutory mechanical rate in effect now (6/25/07) is \$.091/song/CD sold for tracks 5 minutes or less. For tracks over 5 minutes, the rate is \$.0182/minute. This rate is in effect now until it is changed by Congress. Online reference: <http://harryfox.com/public/licenseeRateCurrent.jsp>*

What is a license?

When a record label wants to record your song, they are obligated to obtain a license from the administrating publisher(s) for the song. This is basically a "permission" to use the song and an agreement on how mechanicals will be paid.

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Protecting your songs is crucial, and it is necessary if you are ever going to earn income from your work. I hope this helps you figure it all out! God bless you as you serve Him!

- Tony Guerrero

Director of Creative Arts, Saddleback Church

Recommended Websites

www.ascap.com - For Publishers & Songwriters

www.bmi.com - For Publishers & Songwriters

www.sesac.com - For Publishers & Songwriters

www.copyright.gov - The United States Copyright Office

www.ccli.com - A must for all worship songwriters!

www.harryfox.com - The Harry Fox Agency, protection for publishers

www.churchca.com - To keep your church up to copyright standards