

The income stream for Copyright owners

Every Song has two copyrights: Composition (lyrics & melody), held by the Songwriter and Sound Recording (the sound heard), held by those involved in the recording of the Song. Royalties stemming from the Composition Copyright are referred to as Publishing Rights (aka Songwriter Rights). Hipgnosis Songs Fund focuses primarily on acquiring these, but owns selective Sound Recording Rights as well.

Publishing Rights

These are rights in a musical composition (lyrics and/or music) and generate Mechanical and Performance Royalties. In the UK, "blanket licences" are issued to organisations including radio and TV.

Mechanical Royalties

These are triggered when a copy of a Song is made, whether physical (e.g. CDs, DVDs) or digital (e.g. permanent downloads, streaming, webcast). The Streaming of a Song is a hybrid: a temporary copy is made, so it generates a Mechanical Royalty, but it is also treated as a public performance of that Song, generating a Performance Royalty.

Performance Royalties

These royalties largely come from live performances and licences taken out by shops, restaurants, clubs and bars etc to publicly perform or broadcast a Song.

Sound Recording Rights

Master (Recording) Royalties

These (aka Recording Royalties) are generated on behalf of a sound/master recording. This is the most basic royalty performing artists and labels earn when their master recording is downloaded, physically bought, or streamed.

Neighbouring rights

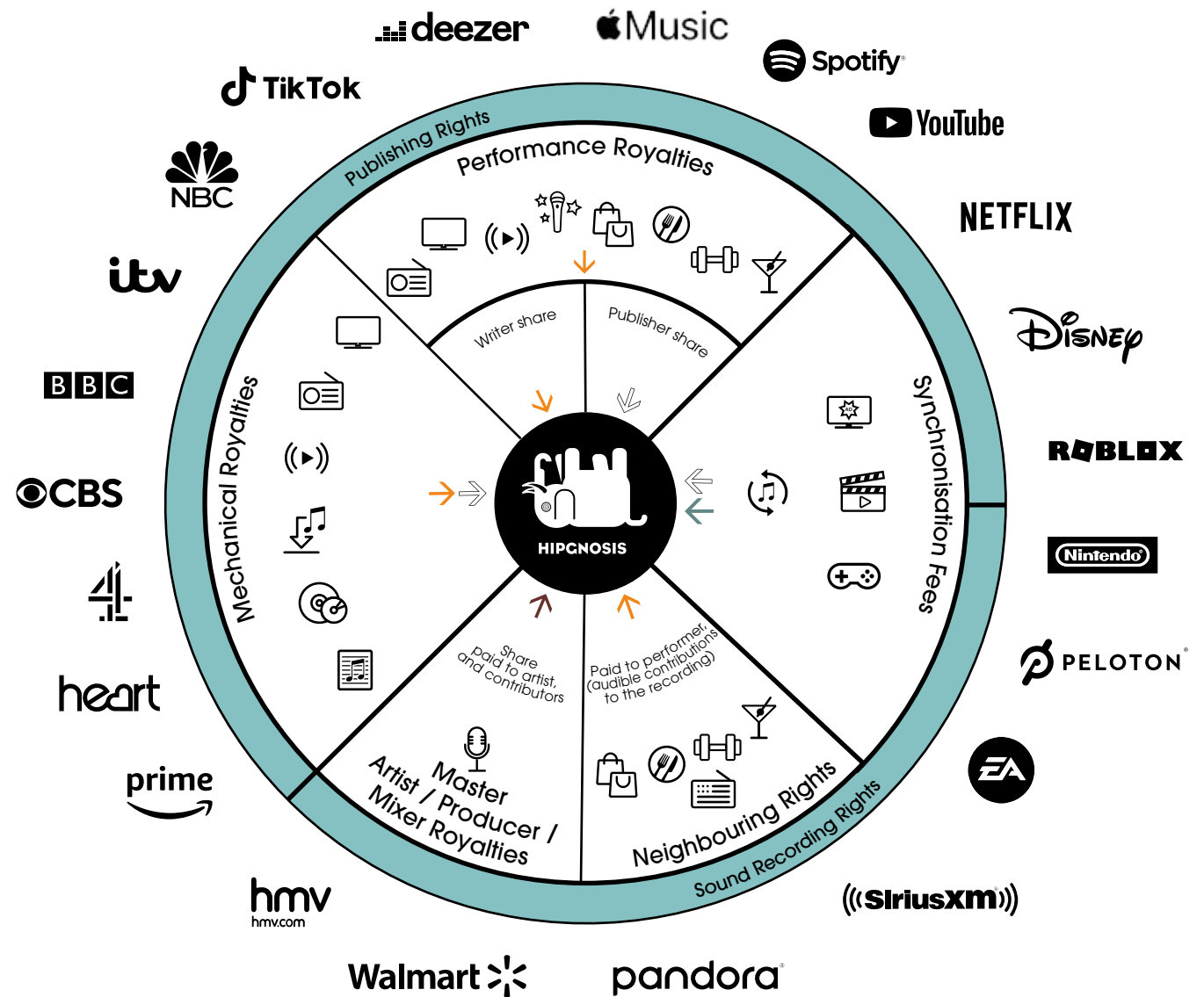
These (aka Related Rights) are public performance royalties due to the sound recording copyright holder. One has to distinguish between terrestrial broadcast platforms (like radio, TV, and venues) and digital platforms (like Internet and satellite radio) because not every country, notably the US, recognises or pays terrestrial neighbouring rights.

Synchronisation Fees

These are generated when a visual image (e.g. TV, film, advertising or video games) is matched to a Song.

There are multiple channels through which royalties are collected. These are depicted by the arrows in the diagram opposite.

The diagram shows the flows to Hipgnosis Songs Fund from its ownership of its Copyrights



Footnote: The logos above are representative of users for illustrative purposes only. The trade marks are the property of the respective owners. The Company does not earn revenue directly from these sources, but through third parties, as illustrated.

- Collected by the Administrators eg:
 - Sony Publishing
 - Universal Publishing
 - Warner Chappell
 - Kobalt Publishing
 - HSG
 - BMG
- Collected by the Societies eg:
 - ASCAP
 - BMI
 - PRS for Music
 - SESAC
 - PPL
 - Sound Exchange
- Earned by the Record Companies eg:
 - Universal Music Group
 - Sony Music
 - Warner Music Group
- Direct