

**Canadian League of Composers**  
***Sync & Mechanical Licensing Research Initiative***  
***Findings Report***

## **Introduction**

Questions around synchronization (sync) and mechanical licensing have been some of the most common inquiries to the Canadian League of Composers (CLC) over the past two years. A combination of the current prevalence of online concert music presentation, and members of the CLC diversifying their practices in both video (sync licensing) and audio (mechanical licensing) formats have significantly contributed to this occurrence.

In response, the CLC commissioned this report in order to: 1) define sync and mechanical licensing; 2) to create a clear set of guidelines accessible to both members and non-members of the CLC that forms a reference point for composers and administrators that is a companion to the CLC's Commissioning Rates, including recommendations for financial remuneration for sync and mechanical licensing; 3) to create clear advice and a link to resources about the legal ramifications - in terms of intellectual property - and best practices around sync and mechanical licensing; and 4) to explore the concerns of Canadian composers, music creators, orchestrators, and arrangers and advise the CLC of how to better serve their interests.

The following report summarizes the findings of my research into the issues stated above:

### **Section 1: Defining Sync & Mechanical Licenses**

#### 1) What is a **mechanical (or reproduction)** license?

A mechanical license grants the licensee the permission to attach or record a composition onto a physical entity, and the right to duplicate and distribute said entity.

Some examples of common usage examples include: CDs, records, cassette tapes, etc.

#### 2) What is a **synchronization (sync)** license?

A sync license grants the licensee the use of a track of music for an audiovisual project. An audiovisual project includes anything that has a moving picture with any music synced to it. This license does not grant authority to use the master recording, but rather gives the licensee the right to access the documents of the composition (sheet music, lyrics if applicable, etc.), make a new recording or version of the original composition, and distribute the composition as part of an audiovisual project.

Some examples of common usage examples include: commercials, recordings of concerts uploaded to the internet, movies, video ads, etc.

## **Section 2: Industry Standards**

### **Mechanical Licenses**

Mechanical license baseline fee standards are clearly specified and upheld. Specified fee structures exist with PROs such as SOCAN (9.6 cents per work, per copy manufactured, with some additional conditions and fees depending on duration of piece) and CMRRA (8.3 cents per work, per copy manufactured, where the playing time is five minutes or less. Additional fees apply per minute beyond 5 minutes). Mechanical licenses can be acquired easily through an application to organizations such as these that manage the mechanical licensing of their registered song libraries. The process is essentially automatic and licenses can be acquired within approximately 2 weeks. Simply contact the desired organization through their specified licensing application method, fill in the application form (requested information includes items such as desired song, duration of song requested, how it will be used, etc.) and await a response.

If you are seeking to license your composition out independently, use these baseline standards to inform your agreements and negotiations. It is up to your discretion to set your rates. You may increase to reflect the financial value that you have placed onto your work, but do not give out licenses with fee rates below that of those outlined by SOCAN and CMRRA.

### **Sync Licenses**

Unlike mechanical licenses, sync licenses do not have an expressly recognized baseline fee standard. In an attempt to formulate some type of fee schedule to include in this report, I conducted extensive research to identify informal industry rates and assemble them as a fee schedule.

My research methods included: 1) the investigation of questions, threads, and conversations posted on internet forums (Reddit, Twitter, Facebook, etc.); 2) investigating online resources provided by relevant Arts Service Organizations (ASOs) and Performing Rights Organizations (PROs), such as SOCAN (The Society of Composers, Authors and Music Publishers of Canada), CMRRA (Canadian Music Reproduction Rights Agency Ltd.), as well as entities from abroad, such as ASCAP (American Society of Composers, Authors, and Publishers) and PRS for Music 3) investigating Sync/Music Houses and their payment structures; and 4) interviews with industry administrators and creators.

#### **a) Research Methods and Summary:**

- Internet Forums (Facebook, Reddit, Twitter)
  - My investigation of internet forums yielded few results. In the groups, pages, threads, and other community page postings I came across, many questions were posed surrounding the topic of sync licensing, and most remained unanswered. Many posts that had responses declared sync licensing fees as

highly subjective, and reliant on several factors (the factors will be outlined and discussed later on in this report). The few that did have a direct response attached often suggested that the original poster contact a "Sync House " or "Music House ", and to give them the license to provide sync licenses on behalf of the rights holder(s).

Although information in the form of answers about this topic was scarce, I highly recommend that composers and music creators at all career levels engage in these forums. The communal support is vibrant, and they can be a great resource to have questions answered, to find work opportunities, and to network within the industry.

- ASO & PRO Resources

- Next, I looked into resources provided by several PROs, including SOCAN, CMRRA, ASCAP, and PRS for Music. There were no clear sync licence fee outlines or schedules that I could identify at any of these organizations.

These organisations provide extensive resources for their members and the general public regarding a broad range of topics ranging from creator rights, to advocacy, to networking opportunities, to professional development and seminars, etc. - they are incredible hubs for information sharing. This is all in addition to the royalty and licensing services that they provide for musicians and content creators.

I was not surprised to not find a sync licensing fee schedule. If I had, the commission of this report would be superfluous.

- Sync/Music Houses

- In response to the frequency of 'Sync Houses' being the answer to internet forum questions about sync licensing, I reached out to 17 sync houses to learn more about what they do, how they operate, and if they have a consensus on baseline sync licensing fees. I reached out to 12 sync houses via website inquiry pages, and an additional 5 sync houses by email. I did not receive any responses by the time of assembling this report.

I suspect that I was not replied to because I shared that my findings would be included in a report for the CLC. I believe that if they were reached out to by composers and creators, they would respond with the information requested, however I did not want to advance my research by using deceptive practices for information gathering (i.e. posing as a composer and not as a researcher in this case).

More information about sync houses is included later in this report.

- Industry interviews

- Composers and music creators:

Next, I sought out active Canadian composers who could share their professional insight and experiences surrounding sync licensing. I reached out to 20 Canadian composers, and received responses and involvement from 12 of them for interviews.

*Participant Profile:*

Of the 12 interview participants, 8 identified as early-career composers, and the remaining 4 identified as mid-career composers; 9 identified as male, 3 identified as female; each participant has had at least 1 sync license deal for their works, the most having 8 sync licensing deals for their works; and 6 of them (including all mid-career level composers) were associated with a Sync House.

As agreed upon, the identities of these individuals will remain anonymous.

In summary, the interviews highlighted the inconsistencies of DIY Sync licensing. When I inquired about how they each set their sync license fee rates, there was a unanimous response of essentially making up a random number and seeing if it was accepted by the potential licensee, or simply accepting an offer if they felt it was justified. Most reached out to a colleague for advice and validation about their rates, but none had an exact system of calculation to base their fee off of. The composers who licensed their compositions for similar types of projects on multiple occasions stuck with whichever rate they had proposed for the first project that was accepted.

The projects for which the interviewees have licensed their compositions were broad, ranging from university-level short films to youtube videos and local television ads. There was little overlap in specific licensing categories (i.e. film, TV, YouTube, etc), and even in the overlap case, the sync license fee varied significantly. One comparable situation demonstrated this disparity very clearly. An interviewee had accepted a sync licensing agreement for a fee of \$300 for a similar purpose, scope, and territory as another composer who licensed their comparable composition for \$150.

Of the interviewees who registered with a Sync House, none had had their composition placed through them at the time of writing this report. More information regarding Sync Houses is discussed later in this report.

*Agreement Structures:*

The participants all shared how they prefer to structure their sync licensing agreements, and from their responses, I was able to categorize the fee structures into three main formats:

- 1) A single, upfront fee
- 2) A reduced upfront fee, back-end payments
- 3) No upfront fee, back-end payments

*A detailed outline of each of these methods is described later in this report.*

Method 1, a single upfront fee was the most common and endorsed method of fee collection for a sync license.

Method 2, a reduced upfront fee with some back-end payments was only agreed to in specific circumstances, but was not as widely used by the participants.

Method 3, no upfront fee and back-end payments only was the least desirable. Participants who had accepted agreements with this format of payment expressed regret in their decisions, due to challenges in collecting the back-end payments. They would not repeat this payment structure again.

Note: royalties collected and distributed by PROs are not impacted by these agreements. Please ensure that any/all works you plan to license out are registered with the appropriate PROs so that you may receive the royalties for your work.

#### *Limitations:*

This is not a comprehensive survey of Canadian composers and music creators and therefore cannot be assigned as an accurate 'map' of the sync licensing landscape of Canadian composers. However, it does provide a snapshot into the issues at hand, and clearly highlights the apparent lack of consensus of what a baseline sync license fee should be.

#### ○ Industry Administrators

To further my investigation, I reached out to three members of the administrative/executive teams of nationally leading Canadian PROs. As agreed upon, their identities and the organizations they represent will remain anonymous.

Each administrator agreed that sync license rates are highly subjective and independently stated that they are all negotiated on a

case-by-case basis. They each noted that every music publisher will have their own fee standards, and that a general consensus of what an industry baseline fee looks like for sync licenses does not yet exist. One of the interviewees went so far as to state that there are too many variables that go into a sync licensing agreement to create a catch-all fee structure, and that, although they would very much like for one to exist, they do not believe it is possible to develop one at this time.

When asked, they all agreed that an upfront license fee payment is the most desirable method of payment for composers, especially if they are representing themselves. Only receiving back-end payments for a license should be avoided. There was also a consensus amongst them that Sync Houses are good resources for composers, depending on the percentage cut of the licensing fees that they grant (more on this item is discussed later in this report).

Overall, their insight and professional understanding aligned with what the composers I interviewed had to share.

Once all methods of research outlined above had been pursued, it was clear that sync license financial remuneration rates are negotiated on a case-by-case basis, across the board. Rates are highly subjective, and there doesn't yet seem to be a publicly available method which would assist in the calculation of fee structuring. I attempted to create one to include in this report, but developing a reasonable system of fee calculations became overly complicated and arbitrary very quickly due to the situational details of each agreement.

### **b) Synthesis of Findings:**

To provide some type of guideline for individuals seeking to acquire a sync license, and for those negotiating the use of their own compositions via a sync license, I have outlined three key components of sync license agreements below:

- 1) License Term: *The length of the agreement*
  - How long will the license be valid for? A day? A year? A decade? In perpetuity? Etc.
  - When exactly does the license become valid? When does it expire?
- 2) License Territory/Market/Area: *Where the license will be valid*
  - Will it only be permitted in a specified province? A country? A continent? On the internet? Any combination of these? etc.
- 3) Scope and Purpose of Use: *How the music will be used*
  - Will it be used as background music in a TV show “party scene”? A repeating theme song in a video game? Over a commercial? Over the final credits of a film? etc.

Each of these factors will have an impact on the fee associated with a sync license. Prestige and notoriety of the composer will likely also have an impact on the associated fee rate.

### **c) How To Go About Sync Licensing:**

Below I have outlined some options and suggestions for individuals seeking to license sync licenses for their works, and for those seeking to acquire a sync license for a project. For clarity, it has been divided into two categories - DIY Licensing and Sync House Licensing.

#### 1) DIY Licensing

Setting your own licensing fee rates and sticking to them can be challenging. Navigating negotiations and weighing your options can be intimidating, but remember that the authority is in your hands. You hold the rights! If a potential licensee is attempting to negotiate your sync license fee down to a level that you do not feel comfortable accepting, do not accept it. On some occasions, it may be more beneficial in the long run to decline an offer, and to retain the set value of your work instead of accepting compensation that is below your standard. This practice is supported by all the PRO administrative members that I interviewed as part of my research. Giving in to lowball offers reduces the value of your work, and the work of other composers.

When possible, have non-exclusive agreements. Keep your compositions available for as many placements as possible. If a licensee wants an exclusive agreement, take that into account when negotiating the fee. As a licensee, you should expect to pay a higher fee for exclusive use of a composition, even if it is for a limited amount of time.

When accepting fees upfront, ensure it is not a buyout of your rights and composition. Understand the proposed agreements in their entirety before signing anything and seek legal advice if you feel it to be necessary, or if you are simply unsure of any component within an agreement.

Find a fee payment structure that works for you and suits your needs. If you are independently licensing out your work, it is your responsibility to enforce it. Do not accept fee payment structures or licensing agreements that you are not comfortable enforcing.

#### Fee Payment Structure 1: A Single Upfront Fee

Generally, this fee structure is the most desirable method of payment. A lump sum fee is calculated, taking into account the three main components of the agreement discussed above (scope, territory, term), and it is then paid in full upon signing the license agreement. The rights holder(s) are compensated immediately, and the licensee does not need to be tracked down in the future to follow up on any additional payments. It is simple, efficient, and as the licensor you are not waiting on compensation for your work.

#### Fee Payment Structure 2: A Reduced Upfront Fee, Back-Ends Payments

This method is virtually identical to the first fee structure. The only additional factor is the inclusion of some back-end payments. I would recommend this option only if the amounts and due dates for the back-end payments are negotiated and agreed upon prior to signing any agreements and issuing the sync license. This method is a good option, and allows some flexibility for both parties of the agreement.

### Fee Payment Structure 3: No Upfront Fee, Back-End Payments for License

This method of fee structure payment is the least desirable option for the rights holder in a DIY sync licensing agreement. There is no upfront fee for the license, and only back-end payments.

It was strongly recommended by one of the PRO administrators that I interviewed to only agree to this payment structure if back-end payments are paid as advances.

For example, X acquires a sync license from you for your composition and wants to follow this method of payments. They pay you only Y amount upfront, and do not pay again until they have passed whatever threshold outlined in the agreement that would trigger a back-end payment. At this point, X pays you a second advance for all sync licensing until the next threshold, at which point X will pay the next advance. With this arrangement, you, the rights holder, is always ahead on the financial return for the license. It puts the rights holder in a more advantageous position.

However, as a self-representative, it can be challenging, and sometimes impossible to track where the licensee is in terms of owing on their payments. Have they met the next threshold yet? Can they prove they have not? Can you prove that they have and now owe? Keeping track and enforcing this type of agreement is tumultuous. I strongly advise aversion of this agreement structure. I am including this option in this report not to endorse it, but to inform rights holders of the potential issues of following this method if a potential licensee proposes it.

## 2) Sync House Licensing

### *What is a Sync House?*

Simply put, a “Sync” or “Music House” is a business that pitches the registered works or their membership to third parties for use via licensing agreements.

Breaking into the industry is a challenge on its own. Signing with a Sync House is a good option that can assist with that. Sync Houses are good resources at all stages of a composer's career, but especially in their early to mid stages. Not only is an entity pushing your work for opportunities, but their professional network is now also your professional network. When you become a member, you give authorization to the Sync House to license your compositions to third parties. They may only license the compositions which you have registered with them

### *How do they work?*

Music Publishers work at/with sync houses and actively seek to secure sync placements for their organization's catalogue. Producers and Music Supervisors come to them with song requests or inquire about song placement recommendations for their projects. It may be beneficial as a composer to work with an organization like this as there is potential opportunity to have your work pitched to third parties. On some occasions they may also approach specific members for commission opportunities from third parties. The more time someone else invests into placing your work on your behalf, the more time you can focus elsewhere and invest into your professional practice.

Some Sync Houses have membership fees, and some do not. Most Sync Houses operate solely on a license commission basis. For every song they get placed with a third party, they take a cut of the upfront licensing fee. This cut ranges anywhere from 20-65% of the license fee depending on the Sync House. All royalties collected by PROs go to the rights holder, they do not collect any of them.

An additional benefit of working through a Sync House is that you will be able to learn what your music is financially valued at in the industry. These rates may be higher or lower than you anticipated or attributed to your own work, but it is excellent information to have for yourself either way. As the rights holder, you sign off on all potential licenses the Sync House gives out, and you can use what you learn from these agreements and apply the same standards and rates (or different ones) when pitching and licensing your own work elsewhere. You will be able to set informed compensation rates for yourself and your work, and get a sense of the types of projects your compositions have been most successful in being placed in. Perhaps your target market has previously been commercials, but through a Sync House you find that you have greater success in securing short film placements. Insight like this is free for you to leverage.

When possible, have non-exclusive agreements with Sync Houses. This way, if you are approached directly by a producer or music supervisor who would like to use your work, you do not have to redirect them to the Sync House to acquire a license. You can negotiate your own terms, and receive the entire payment for the license - no Sync House cut. This practice is supported by all the PRO administrative members that I interviewed as part of my research.

With all this said, there is no guarantee that your compositions will find placements quickly, or ever through a Sync House. It is not a guarantee, but it is an excellent place to start and well worth looking into.

### **Section 3: Legal Resources & Best Practices**

Regardless of purpose or profession, it is imperative to secure a license for the use of another's composition - or any other musical creation. Failure to comply and infringing on another's copyrights may result in legal ramifications.

- If you are unsure whether or not you need a license for your project, **contact a PRO.**
- If you are unsure where to secure a license for your project, **contact a PRO.**
- If you are unsure what type of license(s) your project requires, **contact a PRO.**

Resources are and can be made available to you to support your project through these types of organizations, while ensuring that the rights holders are fairly and appropriately compensated for their work.

If you would like to learn more about what Canadian copyright legislation looks like, how it works, what rights are included under the umbrella of copyrights, and its limitations, you can find it here: [Copyright - Canada.ca](https://www.copyright.ca)

If you would like to learn more about the legal ramifications of copyright theft, you can find it here: [Copyright theft - Canadian Intellectual Property Office](https://www.copyright.ca/copyright-theft)

Please note that enforcement of intellectual property rights is the responsibility of the rights holder(s). If you suspect that your copyrights have been infringed upon, contact a lawyer who specializes in intellectual property, specifically copyright if possible.

#### **Section 4: Recommendations for the CLC & Conclusion**

I am not certain that it is possible to develop a baseline fee structure and industry standard rates for sync licensing. I do believe that it would be incredibly helpful for the membership of the CLC, as well as all composers in general, but the scope of work needed to undertake an initiative like that is immense. Even if all the necessary resources are invested, it's uncertain if the project would yield applicable results to the sync licensing landscape.

I see greater value in the CLC developing and hosting workshops, seminars, and other facilitated events to bring composers together to discuss their concerns, questions, and experiences around sync licensing fee rates. Perhaps clinics on how to write up a licensing agreement, and how to expand on and customize the payment structures outlined in this report so that they may apply them themselves, if they so choose to. There is also a more grandiose idea of the CLC expanding and developing its own in-house Sync House for its membership. I recognize that this may be too much of a stretch from the CLC and its mission and current interests, but it should still be mentioned here as a potential future concept.

Overall, I think the information in this report, specifically the content around Sync Houses and DIY Licensing may help provide a firm foundation for CLC's membership to use as a reference point when navigating this area of licensing and the music industry. I recommend continued open engagement and conversations with other PROs and the membership of the CLC to keep learning more about the issues they are facing, and to keep leading the discussions surrounding sync licensing fee rates.

