

Rights of Music Creators: Current State and Issues

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1. Income Structure and Compensation of Music Creators

The main source of income for music creators is copyright royalties. A copyright royalty is income generated every time a musical work authored or composed by a creator is used. Copyright royalties are distributed via a copyrights management organization like JASRAC or NexTone. Specifically, a copyright royalty is generated, for example, when a musical work is broadcast on radio, television, or other media, sold on a CD or music delivery service, or performed live.

The use of a musical work in karaoke can also form part of royalty income, and there is a wide range of other sources of revenue. These royalties are collected from music users (such as broadcast stations, record companies, karaoke operators, and subscription services) and distributed to music creators via JASRAC, NexTone, etc. (Figure 1).

As an example of this mechanism, a music streaming service like Spotify pays a copyright royalty of approximately 0.18 yen per play to the rights holder. However, this amount is distributed to all copyright holders such as authors, composers, and music publishers, so the amount coming to each individual creator will be less (for example, if a particular musical work includes lyrics, a royalty of 0.18 yen will first be divided equally among the author and composer, but half of each of those royalties will constitute the music publisher's share, so the amount obtained by

the composer will be 0.045 yen per play). In this way, the rise of streaming services and the spread of digital music delivery have been instrumental in diversifying sources of income for music creators, but since revenue is low per request, it is difficult to live solely on such royalty income. This state of affairs is one reason why many music creators have side jobs. They must search out diversified sources of income by performing from time to time, managing classes, providing music to other artists, etc.

The population of music creators is increasing and the range of people who treat music as an occupation is broadening. At the same time, music revenue per person is on a downward trend and the proportion of creators who can make a living solely by music is decreasing. Amid the growth in revenue across the entire music market, current conditions such as the compensation structure of streaming services and the need to depend on other sources of revenue are having a direct impact on the lives of music creators.

2. Current State of Music Creators' Copyright Agreements

When a musical work of a music creator in Japan is to be commercially released, a copyright agreement will be concluded with a music publisher in most cases. A publisher manages the copyright on behalf of the creator and promises to promote the use of that musical work, but it is customary here for the publisher to receive 50% of the copyright royalty as compensation. This format is known as a "copyright transfer agreement" in which a creator signs a contact that transfers one's own copyright to the publisher. Based on this agreement, the publisher aims to expand revenues by promoting that musical work, promoting cover versions, providing the musical work to other artists, etc.

In actuality, however, there are not a few cases in which the music publisher does not actively develop the use of a musical work. Despite the fact that the creator pays the publisher half of the revenue, the inability to receive expected compensation has become a problem. According to a large-scale questionnaire conducted by the Japan Federation of Authors and Composers (FCA) in 2023, the majority of music creators replied, "Apart from the release of the musical work, there was no ongoing development of its use by the music publisher" (Figure 2). This reflects the current situation in which a creator cannot make effective use of one's own copyrighted work. There is therefore a need to enhance the transparency and management system of copyright agreements.

■ Figure 1

Royalty per play of unlimited-listening streaming services

Spotify (paid) ···	0.18 yen
Spotify (with ads) ···	0.004 yen
Apple Music ···	0.29 yen
You Tube Music ···	0.2 yen
Amazon Unlimited ···	0.3 yen
LINE MUSIC ···	0.16 yen
AWA ···	0.12 yen
KK BOX ···	0.44 yen

* Distribution data as of June 2024

■ Figure 2

Apart from the release of the musical work, there was no “ongoing” development of its use by the music publisher.



* Excerpt from FCA 2023 fall questionnaire

In particular, if the period of the copyright agreement is set to a long period as in “duration of copyright (up to 70 years after the death of the author),” the period of the agreement can often exceed 100 years, and during that time, there is hardly any opportunity to revise one’s own rights (Figure 3). With such a bizarre agreement lasting such a long time, a creator might think about terminating the agreement, but recovering one’s rights is still difficult. In this way, flexibility in the copyright agreement is lacking and the possibility arises that the rights of the creator are being unreasonably limited.

■ Figure 3

Work with lyrics

Q) Is there a contract period that you signed to in your copyright agreement with a domestic music publisher?

A) Yes, I signed an agreement having a copyright duration.



42.3% of music creators who have signed a copyright agreement have experienced a copyright duration.

Background music

Q) Is there a contract period that you signed to in your copyright agreement with a domestic music publisher?

A) Yes, I signed an agreement having a copyright duration.



44.7% of music creators who have signed a copyright agreement have experienced a copyright duration.

In addition, while the clause “the copyright will be managed to develop use of the work” is definitely included in the contract, there are cases in which development of use is actually not performed as described above. Such a case should be treated in effect as a breach of contract, but penalties and remedies have not been determined, so not a few creators are left in a disadvantageous position. To deal with this problem, it is important that the creator adopt a more proactive role at the contract negotiation stage and take appropriate measures such as seeking the advice of a lawyer.

3. Issues Faced by Music Creators

One of the biggest problems affecting music creators is inequality and lack of transparency in the copyright agreement (Figure 4). Many agreements are concluded unilaterally under conditions favorable to the music publisher, and as a result, the creator cannot sufficiently manage one’s own revenue and rights. In the case of an agreement with a long copyright duration, it is particularly difficult for a creator to recover rights even after one’s death. There is consequently a high risk that the creator or the creator’s survivors will lose any opportunity to receive appropriate revenue.

■ Figure 4

Problem sensed in copyright agreement: “The contents of the agreement are unilaterally determined.”



No explanation of the contents of the agreement is received from the music publisher in advance.



Another problem is that there are many music creators that sign an agreement without having a sufficient understanding of contract details. A contract includes important information for the music creator in terms of protecting one’s rights and revenue. Concluding an agreement without understanding its content poses a great risk. In particular, having no firm understanding of contract cancellation conditions, percentage of share, contract duration, etc. can lead to major problems in the future. The music creator needs to understand the agreement in detail and seek the advice of a specialist if necessary.

4. The Rise of AI and the Future of Music Creators

The rise of AI in the music industry is a major problem for music creators. Although the progress made in AI technology in recent years is making it possible for generative AI to take on some tasks in music production, it simultaneously has the potential of affecting the occupational standing and income of music creators.

To begin with, generative AI can definitely improve the efficiency of music production. For example, using AI in tasks such as creating demo vocals or tentative lyrics or adjusting sound quality can save time and reduce costs. Specifically, AI can sing demo vocals in place of a human and can quickly generate tentative lyrics. In addition, using AI to adjust sound quality can obtain results equivalent to those of a professional engineer in a relatively short time, which can be a great aid in the music

production process.

However, the increasing application of generative AI to music is increasing the number of problems that music creators have to deal with. Indeed, some music creators are worried that generative AI is threatening their occupation. In particular, for applications in which music does not play a leading role, such as background music for television programs or songs used in short commercials, AI-generated music has the possibility of replacing human creators. There is therefore the fear among music creators that the market that has so far been served is contracting.

In addition to the above, copyright-related problems can be major issues. Generative AI often uses existing musical works as training material, so there is the risk of copyright infringement in that process. There are many creators who are not happy about their own works being used to train AI without permission, and they insist that they should be compensated accordingly. In Japan, the regulation of copyright law in relation to AI training is lax, and at present, AI developers can perform training without paying an appropriate amount of compensation to creators, which music creators feel to be unfair.

As the quality of music produced by generative AI improves, the possibility exists that the boundary between AI music and human music will become increasingly vague. In such a case, conditions will arise in which consumers will not be able to distinguish AI music from human works, which raises the fear that musical culture in its entirety will become dependent on AI-generated music. As a result, it has been pointed out that the value of music that demands creative human expression may begin to fade out.

5. Protecting the Rights of Music Creators

To deal with the problems faced by music creators, each creator must understand one's own rights and take appropriate countermeasures. When concluding a copyright agreement, it is vitally important to sufficiently examine the contents of the agreement and carefully check whether any unfavorable conditions are included. It is also desirable to set a short contract period and to periodically review the contents of the contract. Seeking the advice of a specialized lawyer to understand contract details as needed is also an effective measure.

A creator should also consider concluding an agreement with a copyrights management organization and directly managing revenue and data details. This makes it possible to grasp revenue flow in a transparent manner and to understand in detail how one's music is being used. In particular, to receive appropriate revenue for the use of one's music overseas, concluding an agreement with JASRAC that promotes agreements with individual creators is an affective approach that enables detailed revenue data to be obtained.

In addition, the music creator should seek out increases in

compensation (royalties) from companies in cooperation with a music copyrights management organization like JASRAC or NexTone. In this way, the creator can establish an environment for receiving appropriate compensation. Additionally, as new copyright issues arise with the spread of AI, there is a need for discussion and measures across the entire industry. Amid increasing use of copyrighted works owing to AI, there is an urgent need for laws and guidelines to prevent the rights of music creators from being violated.

To deal with the impact of advances in AI technology, music creators need to become more aware of their rights and set up an appropriate legal framework. The FCA proposes measures to ensure transparency in AI training, respect the right of copyright holders to choose, reduce burden of proof of dependency on one's musical work, and strengthen penalties with respect to unauthorized use of a copyrighted work. In this way, the FCA places importance in protecting the rights of creators and creating an environment for sustaining a creative life.

The expansion of AI is bringing about innovative possibilities in the music industry, but it is simultaneously giving birth to new issues. The strengthening of legal provisions and the protection of rights is essential to protecting musical culture in a form that can coexist with AI. In addition, music creators themselves must assert their rights and make preparations for dealing with the evolution of AI technology.

6. Initiatives of the Entire Music Industry

Cooperation throughout the music industry is essential to protecting the rights of music creators and establishing a sustainable revenue model. There is a need for initiatives that draw upon the cooperation of industry organizations, copyrights management organizations, music publishers, record companies, streaming services providers, government agencies, etc. to ensure fair and transparent copyright management and payment of appropriate compensation. It is also important to promote educational and awareness-raising activities for music creators to provide the knowledge they need to understand and effectively protect their rights. Through these initiatives, creators can dedicate themselves to creative pursuits without worry and an environment that continues to produce high-quality music can be established. There is also an urgent need to set up a new copyright system taking into account the expansion of AI technology and promote discussion and cooperation throughout the industry. Protecting the rights of music creators will not only contribute to the sound development of the music industry but also protect the right of consumers to enjoy high-quality music. Music is a part of culture—its creation and development has value for all of society. Protecting the rights of music creators and paying appropriate compensation is indispensable to protecting the future of musical culture.