



KITCHEN MASTERING — ISRC & UPC CODES - WHAT ARE THEY FOR?

You may have been wondering what these codes are and why you are required to have them to distribute your music on iTunes? The answer lies in the process of distributing income from sales of tracks and albums.

iTunes clearly states that both identifiers are required for all audio delivered to iTunes. The difference between the application of the two different codes are described by iTunes as such; *“the Universal Product Code (UPC) uniquely identifies an album and helps to ensure that you are marketing the right album. The International Standard Recording Code (ISRC) uniquely identifies individual songs.”* In short, UPC codes are for complete album sales and ISRC codes are for individual song sales.

In the past, UPC (barcodes) were utilized to track sales of physical product (CD's) at the retail level. These sales were then reported to Neilson/SoundScan who then, in turn, reported to sales reporting periodicals such as *Billboard* magazine. This is where the terms such as: 'Top 40', 'chart-topping', & 'Number one with a bullet' all are derived from. However, as noted above, UPC codes are utilized for both physical and digitally distributed album sales.

An Interesting Fact — Did you know that there is a long-standing loophole in copyright law that allows AM/FM broadcasters to avoid paying royalties to recording artists and record labels when their recordings are played on the air? Only the songwriters are paid royalties for songs broadcast in the terrestrial United States as the broadcast of music falls under the definition of a 'public performance.' These royalties are collected by the various performing rights organizations (PRO's) in the USA, specifically: ASCAP, BMI, & SESAC. In contrast, digital radio DOES pay royalties to recording artists. This is a major point of contention between music service providers and terrestrial radio providers and of utmost importance to both musicians and producers.

That all sounds good, but what about other distribution channels, who else do you need to submit your codes to in order to collect money owed to you for the sale of your digitally distributed music?

According to USISRC; *“You submit your ISRCs to your business partners as required by your relationship with them, e.g. collecting societies, download sites and aggregators.”* In the USA, the USISRC recommends contacting Sound Exchange (www.soundexchange.com) for more information on the recording copyright for digitally distributed music. They can use the ISRCs you assign to your recordings to assist in calculating royalty payments.

Sound Exchange describes the process as such:

“Digital royalties are fees that service providers such as Pandora, SiriusXM and webcasters are required by law to pay for streaming musical content. These royalties are paid by the services to SoundExchange, and accompanied with playlists of all the recordings played by the service provider. — It is our role to take these payments, allocate the fees to the recordings according to how often each song was played, and then pay the featured artist(s) and rights owners of those recordings.

As to how the royalties are distributed, Sound Exchange states:

“Under the law, 45 percent of performance royalties are paid directly to the featured artists on a recording, and 5 percent are paid to a fund for non-featured artists. The other 50 percent of the performance royalties are paid to the rights owner of the sound recording.” [as stipulated by sections 112 & 114 of the Digital Millennium Copyright Act]

Another Interesting Fact — Did you know that unclaimed royalties collected by SoundExchange may expire?

Great, but you may be asking how do I obtain an ISRC or UPC code? It depends upon whether you are self-releasing your material, working with a distributor, or working with a record company.

Record companies typically handle the assignment and registration of both ISRC codes and UPC codes for artists on their roster. Some distributors will offer ISRC codes and UPC codes to independent artists as part of their overall service. For completely independent releases you may obtain an ISRC code by purchasing a master 'registrant code' from the IFPI here:

<https://www.usisrc.org/applications/index.html>

Alternatively, if you don't want to purchase a master 'registrant code' we can sell you a set of codes to utilize for your project.

Similar to the ISRC code registration, you may obtain a master UPC prefix code for \$250 (+\$50 annual fee for up to 10 items) here: <https://www.gs1us.org/> or may purchase a code to use for your release directly from us.

Once you obtain your codes, be sure to register them with the entities listed below:

This link is to register individual sound recordings and music copyrights that you own:

<https://www.soundexchange.com/artist-copyright-owner/registration-membership/>

To register your digital album or physical CD UPC codes, follow this link to the Nielsen/Soundscan registry page:

<http://titlereg.soundscan.com/soundscantitlereg/>

HOWEVER, you also need to register your copyrighted music with the traditional performing rights organizations (ASCAP, BMI, or SESAC) as well, and particularly if you are the copyright owner but NOT the performer. The reason being is that in addition to paying SoundExchange for the streaming of digital media, music service providers must also pay the traditional PRO's a Public Performance Royalty for the streaming of content. Therefore, if you failed to register your song with your affiliated PRO, you would not receive a royalty for the streaming of a song that you wrote but did not perform.

To register with one of the major performing rights organizations, follow any one of the following three links:

- <https://www.ascap.com/>
- <https://www.bmi.com/>
- <https://www.sesac.com/>

In summation, the reason for requiring both UPC and ISRC codes to distribute audio via iTunes (and other providers) is so that you, the content owner, will be compensated for the *digital* performance and sales of your individual songs and albums. ISRC codes are utilized for individual song sales and UPC codes are utilized for album sales. The codes are tracked by both Sound Exchange and by Nielsen/Soundscan, who then, in turn, direct payment to you, the content owner. Registration of your songs & sound recordings to SoundExchange, Nielsen/Soundscan, and your performing rights organization (ASCAP, BMI, SESAC) is essential in order to receive your royalties from sales and streaming. Note that producers and mixers should also register recordings with SoundExchange as they too may be entitled to a percentage of royalties collected,

Sidebar — As in most things relative to the law and the distribution of funds from a revenue stream, it is slightly more complicated than indicated above. SoundExchange collects royalties for what are considered 'Digital Public Performances' of sound recordings as described within both the 'Digital Performance Right in Sound Recording Act' and the 'Digital Millennium Copyright Act'. This includes non-interactive (read as: radio-like) digital streaming of content from music service providers such as: SiriusXM, Pandora, Napster, Music Choice, and individual digital streams offered by traditional terrestrial radio stations in some markets.

However, certain commercial entities with significant commercial and political influence have struck individual deals with certain labels and distributors to pay all performance royalties directly to the rights holders. Two notable music service providers that fall into this category include: Spotify and iTunes Radio.

— **Brent Lambert**