

The Business Behind the Beats: *Understanding Music Rights, Digital Distribution, and Global Royalty Collection*

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Music is a powerful art form that shapes our emotions, connects cultures, and influences our lives. However, music in the present age, is no longer viewed merely through a creative lens. The modern music landscape has evolved into a sophisticated, multi-billion-dollar global enterprise.

In today's commercial reality, every sound that reaches our ears is backed by strategic financial investment. These investments give music the lifeblood and visibility required to reach a global audience. Talent, as the saying goes, is rarely enough. An artist may possess extraordinary creative potential, but without proper financial backing and industry infrastructure, their work risks remaining confined to private circles and close friends.

While the digital era has democratized music production and lowered the barriers to entry for independent creators, navigating the back end of the industry, specifically music rights, digital distribution, and global royalty collection, remains remarkably complex. Building a sustainable, long-term career in music therefore requires more than talent. Creators, managers, and music executives must understand and effectively navigate the infrastructure that transforms creative output and audience engagements into sustainable revenue.

THE ECOSYSTEM AND THE NEED FOR STRUCTURE

In an industry where a song can travel across borders within seconds, understanding who owns the rights, who controls its distribution, and who is entitled to the revenue it generates is no longer optional; it is fundamental to building a commercially sustainable music career. Music is no longer merely a creative endeavor; it is a highly commercialised asset involving multiple stakeholders at virtually every stage of its creation, distribution and monetisation, including songwriters and composers, producers, sound engineers, performing artists, record labels and digital distributors.

The legal and regulatory foundation of the Nigerian music industry has been examined in our earlier article, **"In Tune with the Law: A review of the Legal Framework for the Nigerian Music Industry"**¹. That article established the legal framework within which music is created, owned, protected and exploited. This article therefore builds on that foundation by examining how those rights operate

¹ <https://advocaat-law.com/wp-content/uploads/2024/10/IN-TUNE-WITH-THE-LAW-A-REVIEW-OF-THE-LEGAL-FRAMEWORK-FOR-THE-NIGERIAN-MUSIC-INDUSTRY.pdf>

within the commercial music ecosystem, particularly how they are identified, allocated, administered and converted into revenues through Music Rights, Digital Distributions and Spilt Sheet.

1. Music Rights

Music copyright provides legal protection for original musical works, sound recordings and musical compositions.² Music rights are legal interests attached to the different elements of the musical work. These rights are broadly divided into two principal categories; understanding the distinctions is essential to appreciating how music is exploited and how different streams apply.

- a. **Master Rights:** This covers the physical or digital sound recording itself (the specific audio file). Ownership of the master rights largely depends on the applicable contractual arrangement of the Parties. Ownership of the master is not determined simply by who performed the song. It is ordinarily a matter of applicable copyright law and, importantly, the contractual arrangements surrounding the creation, financing, commissioning, recording and exploitation of the sound recording. In a traditional label arrangement, the record label may own or control the master recordings pursuant to the recording agreement, particularly where the label finances the recording and the agreement provides for an assignment or exclusive licence of the relevant rights. By contrast, an independent artist who finances and controls the recording may retain ownership of the master. The critical point is therefore not to assume that *“the artist owns the song because the artist performed it.”* The contractual chain should be examined to determine who owns or controls the relevant rights and for how long.
- b. **Publishing Rights:** This relates to and covers the underlying music composition, including the melody, lyrics, chord progressions, and structural arrangement. These rights may belong to the songwriters and composers who wrote the track, or may be assigned to a music publisher pursuant to any publishing agreement.
- c. **Related and Performers’ Rights:** The rights ecosystem may extend beyond the songwriter, composer, label and artist. Performers may also enjoy rights in their performances, while other contributors may have contractual or copyright interests depending on the nature of their contribution and the applicable arrangements. The Copyright Act 2022 contains specific provisions addressing performers’ rights, including rights relating to protected performances and the exploitation of performances.

The distinction between the Masters and Publishing rights is fundamental, as the same song can generate separate streams of income from the sound recording and the underlying composition. Accordingly, identifying and documenting ownership of each set of rights is essential to ensuring that the appropriate parties receive the revenue to which they are entitled.

2. Digital Distribution

Digital distribution is the process of delivering recorded tracks from an artist or label to digital storefronts, streaming services, and physical outlets. In the contemporary market, Digital Streaming

² Ibid

Platforms (DSPs) such as Spotify, Apple Music, Deezer, and YouTube Music serve as the primary consumption channels. However, artists generally do not enter into direct commercial relationships with every DSP individually. Distributors act as the vital bridge between artist and/or labels and the consumer. Without a distributor, an artist's music cannot exist on major streaming platforms. Selecting the appropriate distribution partner (e.g., DistroKid, CD Baby, or The Orchard) directly influences a creator's upfront costs, revenue-share models, metadata management, and administrative support.

The agreement should clearly address the ownership and control of the master recording, the scope of any exclusivity granted to the distributor, the territories in which the music may be distributed, and the applicable term and termination rights. It should also establish how revenue will be collected, accounted for and reported, including the applicable payment timelines. Given the importance of accurate rights identification in the digital music ecosystem, the agreement should further address metadata and identification requirements, as well as the parties' respective rights and obligations concerning takedown requests, content claims and disputes. Where applicable, the agreement should also regulate sublicensing, provide appropriate audit rights, and clearly determine how the catalogue will be treated following the expiration or termination of the distribution arrangement.

3. Split Sheets

A split sheet is a written agreement that identifies and records the contributions of every individual who contributed to the creation of a song and defines an exact percentage of copyright ownership or entitlement attributable to each contributor. It may identify, among others, songwriters and lyricists, composers, producers, featured artists; and other contributors whose contractual arrangements give rise to an economic interest in the work.

Split sheets should ideally be discussed, agreed upon and executed by all relevant contributors before a song is commercially released, monetised or licensed.

In practical terms, a split sheet establishes the revenue-sharing formula for everyone involved. It clearly defines each contributor's role, whether as a lyricist, melody writer, or producer and prevents future disputes regarding who owns what percentage of the eventual earnings. However, a split sheet should not be treated as a substitute for comprehensive legal documentation where the project warrants a more detailed agreement. Depending on the circumstances, separate agreements may be required for recording, production, publishing, featured performances, licensing, management or distribution.

4. Global Royalty Collection

Royalties are payments generated on a per-use, subscription, or blanket basis whenever a song is streamed, broadcast, performed live, or covered. However, collecting royalties from diverse global income streams is virtually impossible for independent artists acting alone.

Royalties are divided into different streams, such as, **recording royalties**, **performance royalties** (when music is played publicly on radio, TV, or live venues) **mechanical royalties** (generated when music is reproduced, including digital streams) **and other forms of licensing income**, depending on the exploitation model and the applicable legal and contractual framework. Effective royalty collection requires accurate rights information, registrations, appropriate mandates and reliable administration

as offered by Collective Management Organisations (CMOs) and Performance Rights Organisations (PROs), publishers, administrators, distributors and other rights-management entities worldwide. Under section 88 of the Copyright Act 2022, CMOs are organisations representing copyright owners whose principal objectives include negotiating and granting licences and collecting and distributing royalties. The Nigerian Copyright Commission has also emphasised that CMOs operating in Nigeria must have the requisite approval of the Commission.

Effective royalty administration therefore depends on more than simply registering a song. Rights information must be accurate, mandates must be properly documented and the relevant rights must be administered across the territories in which the music is exploited. For Nigerian creators seeking international audiences, this becomes particularly important as music increasingly travels beyond its country of origin.

THE HIGH COST OF LEGAL IGNORANCE: A CAUTIONARY TALE

One of the recurring challenges in the music industry is the gap between creative ambition and contractual awareness. Emerging artists may be presented with recording, management, publishing, endorsement or distribution agreements at moments when their primary concern is securing exposure and advancing their careers. The commercial significance of the rights being granted can consequently receive less attention than the immediate opportunity.

This can be costly. A recording agreement, for example, may address ownership of masters, exclusivity, recording obligations, advances, recoupment, royalty percentages, creative control, distribution, term, options, territories and termination rights. A management agreement may address commissions, authority and the scope of the manager's representation. A publishing agreement may determine how composition rights are assigned or administered. These provisions can have consequences long after the initial excitement surrounding the agreement has passed. Independent legal review before execution can therefore be considerably less costly than attempting to unwind an unfavourable contractual arrangement after a catalogue has become commercially valuable.

CASE STUDY: KIZZ DANIEL VS. G-WORLDWIDE

A notable example of this dynamic in the African music landscape involved Nigerian artiste Kizz Daniel during his early career days with G-Worldwide Entertainment.³ The dispute escalated to a point where the record label claimed exclusive ownership over the artist's original stage name ("Kiss Daniel"), forcing him to alter his professional name to "Kizz Daniel" to continue his career.

Furthermore, the rights to his critically acclaimed debut album, ***New Era***, which featured massive hit singles such as ***Waju, Laye, and Mama***, were retained by the label, temporarily restricting him from performing or monetising his own foundational catalogue. Although the parties eventually resolved their legal battles years later through court proceedings and negotiated settlements, the situation highlights a vital lesson: ***artists must thoroughly understand every contract before signing and ensure proper documentation is in place to protect their long-term interests.***

³This Day 'Revisiting the case of G-Worldwide v Kiss Daniel' (www.thisdaylive.com) Accessed via: <https://www.thisdaylive.com/2025/08/12/revisiting-the-case-of-g-worldwide-v-kiss-daniel/>> accessed 10 August 2026

MONETISATION AND THE GLOBAL DYNAMIC

The global music industry is expanding rapidly, with genres like Afrobeats gaining massive market share globally. However, artists must recognise that creating a hit song does not automatically guarantee full financial returns.

Simply writing or recording a song earns basic initial creator royalties, but capturing comprehensive revenue requires proactive administration:

Registration: Are your compositions registered with global PROs/CMOs to collect international performance rights?

Neighbouring Rights: Are performance royalties collected for the actual musicians and singers who performed on the master recording?

In addition, the rapid global growth of streaming has created unprecedented opportunities for African music and has enabled artists to reach audiences far beyond their domestic markets. However, audience reach and artist income are not synonymous. A stream does not necessarily translate into a fixed amount payable directly to the artist. Streaming platforms generally pay relevant rightsholders, after which revenue is distributed through the contractual and rights-management chain applicable to the recording and composition.

Spotify, for example, explains that it does not operate on a simple fixed “per-stream” payment model.⁴ Its royalty calculations are based on streamshare, with payments flowing to rightsholders who subsequently account to artists and songwriters in accordance with their respective agreements. This distinction is important.

An artist can rack up impressive streaming numbers while taking home a drastically different payout than expected, as the final check ultimately hinges on a web of financial and structural factors. Much depends on who actually owns the master recording and the specific terms outlined in the artist's recording agreement, including their agreed-upon royalty percentage and any recoupable expenses that must be paid back first. Furthermore, distributor fees, publishing arrangements, and management commissions routinely carve out significant portions of the earnings. Finally, standard collection arrangements alongside the specific territories and platforms where the music is actually being streamed play a crucial role in determining the final economic return.

THE MULTI-CONTRIBUTOR REALITY

Consider a major commercial release, such as Davido’s album **ORIADE**, which features collaborations with a diverse array of international and local artists (including Black Sherif, Llona, Mayorkun, FOLA, Leon Thomas, and Aya Nakamura). Each guest artist, songwriter (such as Peruzzi, who contributes to certain compositions), producer, and mixing engineer occupies a distinct position within the revenue and royalty chain.

⁴ Spotify for Artists, *Royalties Guide*, explaining Spotify’s streamshare-based royalty model and the flow of recording and publishing royalties through rightsholders and intermediaries.

Beyond the creators' respective splits, the digital distributors and record labels may also be entitled to contractual shares to cover distribution, marketing, and administrative expenses. Without a clear and accurately documented split sheet agreed and executed in advance, determining and administering the respective ownership and royalty entitlements in such complex, multi-party projects could result in disputes, delayed payments, and potentially result in costly litigation.

GEOGRAPHICAL STREAMING DISPARITIES

Artists and creators must also understand that digital streams are not monetised equally across the globe. Royalty pay-per-stream rates vary significantly depending on the listener's geographic location and subscription tier.

For instance, 1,000 streams originating from premium subscribers in the UK or the US generate noticeably higher royalty yields than 1,000 streams originating from markets with lower subscription pricing structures. This economic reality explains why major artists actively focus on building cross-border fanbases and touring extensively in high-yield international territories. Spotify, for example, explains that its royalty system allocates recording royalties based on the share of streams in a particular market rather than a universal fixed rate per stream.

The implication for African artists is significant: international reach must be matched by international rights administration. It is not enough for a song to be available globally. The rights infrastructure must be capable of identifying the relevant rightsholders and collecting the revenues generated by exploitation in those markets.

CONCLUSION

While fans view music as a source of joy and entertainment, creators must approach it as a business. After pouring their energy, time, and creative passion into a project, artists must ask the crucial commercial question: ***"How do I protect, market, and monetise this asset effectively?"***

Understanding the distinctions between master and publishing rights, executing clear split sheets, choosing the right digital distribution partners, and registering with global royalty collection bodies are the non-negotiable foundations of a sustainable music career. Always remember: ***you may have written the song, but unless the legal structures are correctly aligned, you may not own the profits.*** As technology continues to transform the entertainment sector, staying legally protected is paramount.

At **Advocaat Law Practice**, we provide specialised legal advisory and strategic intellectual property services tailored to creators, record labels, and executives navigating the modern music industry.

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