

# Independent Distribution Agreement

## Introduction

This Distribution Agreement is between \_\_\_\_\_ ("Owner") and \_\_\_\_\_ ("Distributor"). Distributor agrees to distribute Owner's sound recordings (the "Records") in compact discs, vinyl, or any other sound recording formats.

## Records

*[Check and fill in blank if applicable]*

The Records to be distributed are as follows: \_\_\_\_\_.

## Grant of Rights

Owner grants to Distributor the *[check one]*  exclusive  nonexclusive right to distribute and sell the Records.

## P & D Deal

*[Check if applicable]*

Owner grants to Distributor the right to manufacture and reproduce the Records.

Distributor may deduct manufacturing costs from the Owner's Share. However, all pressing and manufacturing costs must be approved in writing by Owner.

## Territory

The rights granted under this Agreement will be for:

\_\_\_\_\_ (the "Territory").

## The Term

This Agreement will be for \_\_\_\_\_. It shall be renewed:

*[check one]*

on Owner and Distributor executing a new agreement.

automatically on a month-to-month basis until Owner or Distributor gives a 30-day notice of termination.

## Payments

Distributor will pay Owner as follows:

*[Check one and fill in applicable blanks]*

**Net Revenue.** Distributor will pay Owner \_\_\_\_% of the net revenue derived from sales of the Records (the "Owner's Share").

**Per Unit.** Distributor will pay Owner \$ \_\_\_\_ for each compact.

## Advance Payment

*[Check and fill in blank if applicable]*

As a nonrefundable advance against the Owner's Share, Distributor agrees to pay to

Owner \$\_\_\_\_\_ (the "Advance") on execution of this Agreement. The Advance is recoupable from Owner's payments at a rate not to exceed \_\_\_\_% of the Advance per accounting period.

### **Deductions**

Distributor may deduct the following from payments due to Owner:

*[Check all that apply and fill in appropriate blanks]*

- Advance(s), if any, as provided in this Agreement.
- Reasonable reserves against returns, not to exceed \_\_\_\_\_ % of the Owner's Share payable for that accounting period. Any reserve held by Distributor may be held for a period of \_\_\_\_\_ days.
- Distributor costs advanced for the Records (if approved by Owner) for \_\_\_\_\_.

### **Accounting**

Distributor will pay Owner the Owner's Share within \_\_\_\_\_ days after the end of each *[check one]* [ ] quarter [ ] month. Distributor will also furnish an accurate statement of sales of Records during that period. Owner has the right on reasonable written notice to audit Distributor's books relating to the Records.

### **Termination**

Unless this Agreement is terminated because of Distributor's failure to pay or accurately report Owner's Share, Distributor may sell off the remaining inventory for a period of \_\_\_\_\_ months after termination (the "Sell-Off Period"). At the end of the Sell-Off Period, Distributor will furnish a final report of sales and final payment of Owner's Share. At the close of the Sell-Off Period, Distributor will deliver to Owner all remaining inventory and, if applicable, any original master tapes, artwork, or related materials.

### **Mediation; Arbitration**

If a dispute arises under this Agreement, the parties agree to first try to resolve the dispute with the help of a mutually agreed-on mediator in \_\_\_\_\_. Any costs and fees other than attorneys' fees will be shared equally by the parties. If it is impossible to arrive at a mutually satisfactory solution within a reasonable time, the parties agree to submit the dispute to binding arbitration in the same city or region, conducted on a confidential basis under:

- the Commercial Arbitration Rules of the American Arbitration Association, or
- the rules of \_\_\_\_\_.

Any decision or award as a result of arbitration will include the assessment of costs, expenses, and reasonable attorneys' fees and a written determination of the arbitrators.

Absent an agreement to the contrary, arbitration will be conducted by an arbitrator experienced in music industry law. An award of arbitration is final and binding on the parties

and may be confirmed in a court of competent jurisdiction. The prevailing party has the right to collect from the other party its reasonable costs and attorneys' fees incurred in enforcing this agreement.

### **General**

Nothing contained in this Agreement makes either Distributor or Owner a partner, joint venturer, or employee of the other party for any purpose. This Agreement may not be amended except in a writing signed by both parties. No waiver by either party of any right is a waiver of any other right. If a court finds any provision of this Agreement invalid or unenforceable as applied to any circumstance, the remainder of this Agreement will be interpreted to carry out the intent of the parties. This Agreement is governed by and interpreted in accordance with the laws of the State of \_\_\_\_\_. This Agreement expresses the complete understanding of the parties about its subject matter and supersedes all prior proposals, agreements, representations, and understandings. Notices required under this Agreement can be sent to the parties at the addresses provided below. In the event of any dispute arising from or related to this Agreement, the prevailing party is entitled to attorneys' fees.

Name of Company That Owns Recording: \_\_\_\_\_

Owner Representative Signature: \_\_\_\_\_

Owner Representative Name and Title: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

Distributor Company Name: \_\_\_\_\_

Distributor Representative Signature: \_\_\_\_\_

Distributor Representative Name and Title: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_