

# Independent Label License Agreement

## Introduction

This agreement (the "Agreement") is entered into between \_\_\_\_\_, \_\_\_\_\_ ("Company") and \_\_\_\_\_, known collectively as and performing under the name \_\_\_\_\_ (referred to as "Artist"). All references to "Artist" include all members of the group collectively and individually unless otherwise specified. The parties agree as follows:

## Recordings and Records

Company wants to license rights to a sound recording entitled \_\_\_\_\_ (the "Master Recording") consisting of the following songs:

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Company will release a commercial product embodying the material contained on the Master Recordings (the "Records").

## Grant of Rights

Company will be the exclusive licensee of all rights to the Master Recording for \_\_\_\_\_ years from the date of receipt of each Master Recording (the "Ownership Period"). After the Ownership Period, all rights granted under this Agreement will revert to Artist. Artist grants to Company the following rights to the Master Recording:

- the exclusive right to manufacture copies of all or any portion of the Master Recording whether in digital or physical media.
- the exclusive right to sell, transfer, release, license, publicly perform, rent, and otherwise exploit or dispose of the Master Recording, and
- the exclusive right to edit, adapt, or conform the Master Recording to technological or commercial requirements in various formats now known or later developed.

## Territory

The rights granted to Company are limited to \_\_\_\_\_ (the "Territory").

### **Right to Use Artist's Name and Likeness**

Company has the right to reproduce or distribute, in any medium, Artist's names, portraits, pictures, and likeness for purposes of advertising, promotion, or trade in connection with Artist or the exploitation of the Master Recording. Artist will be available from time to time to appear for photography, video performance, or the like, under the reasonable direction of Company. Artist is not entitled to any compensation for these services except for reimbursement of travel expenses.

### **Delivery of Master Recording**

Within \_\_\_\_\_ months of the Effective Date, Artist will deliver to Company the Master Recording.

### **Production of Master Recording**

Artist will be responsible for payment of all expenses incurred in the production of the Master Recording and will get the appropriate permission, clearance, or release from any person or union who renders services in the production of the Master Recording.

#### *Advances (Check if applicable and fill in blanks)*

All monies paid by Company to Artist, other than royalties paid pursuant to this Agreement, will be considered an advance against royalties ("Advances"). All Advances will be set off against future royalties. In connection with the initial Recording delivered, Company will pay Artist an Advance of \$\_\_\_\_\_ on the date of \_\_\_\_\_.

### **Royalties**

Company will pay Artist a percentage (the "Royalty") of the Company's sales for all Records as set forth:

Compact Discs. For Compact Discs sold, less the actual container costs (not to exceed \_\_\_\_\_% of SRLP), plus excise, sales, and similar taxes,

Company will pay Artist \_\_\_\_\_% of (choose one):

- suggested retail list price (SRLP) or
- wholesale price.

### **Downloads and Streaming**

For Downloads and Streaming Income, Company will pay Artist \_\_\_\_\_% of net receipts paid to Company regardless of the electronic mechanism for delivery.

### **Compilations**

If a composition from the Master Recording is used on a compilation or recording in which other

artists are included, the Artist's royalty will be prorated. For example, if a composition from the Master Recording is included on a compilation containing nine selections from other artists, Artist will be entitled to one-tenth (1/10th) of the royalty rate.

### **Promotional Recordings and Cutouts**

No royalties will be due on Records furnished on a promotional basis. No royalty will be due for Records sold by Company as cutouts or for scrap or otherwise upon deletion from Company's catalog.

### **Statements; Audit**

Company will pay Artist the Artist's Royalties within \_\_\_\_\_ days after the end of each quarter. Company will furnish an accurate statement of sales of Records during that month. If late in any payment, Company will pay interest from the due date until paid. The acceptance by Artist of any statement or payment does not prevent Artist later questioning its accuracy. Company will keep accurate books of account covering all transactions relating to this Agreement. Artist or its representatives have the right on reasonable written notice to audit Company's books relating to the Records. If the audit indicates an underpayment greater than \$500 for any six-month period, Company will pay for the audit.

### **Video (Check and fill in blanks if applicable)**

[ ] If Company decides, during the term of this Agreement, to produce a recording combining the audio performance of Artist with a visual image (the "Video"), Company and Artist will mutually agree on the budget and production costs (the "Production Budget") for such Video. All sums paid by Company as part of the Production Budget will be considered as an Advance against royalties. Company will be the sole owner of all worldwide rights to each Video, including the worldwide copyrights. Company will have the right to use and allow others to use each Video for advertising and promotional purposes with no payment to Artist. "Advertising and promotional purposes" means all uses for which Company receives no money in excess of incidental fees such as tape stock and duplication and shipping. Artist is entitled to a royalty as established in the Royalty Section for all revenue derived from commercial exploitation of the Videos. Artist will issue a worldwide synchronization license for any Controlled Compositions embodied on a Video. For a period of \_\_\_\_\_ years from the date of release of any Video, Company will have the right to allow others to use the Videos for commercial purposes. If Company licenses or commercially exploits the Videos, Company will pay, after deducting all costs advanced for production, a royalty of \_\_\_\_\_ % of the net revenues from any license or sale of the Video. Artist grants to Company the right to synchronize the Master Recordings with visual images to create Videos.



**Commercial Release of Records (Check one and fill in blanks)**

- Company will release the Records within \_\_\_\_\_ months of delivery of the Master Recordings (the "Guaranteed Release Date"). Artist will give written notice if Company fails to release the recording by the Guaranteed Release Date, and if, after thirty (30) days from notification, the Company has not released the recording, Artist may terminate this agreement, and all rights in the Master Recordings will revert to Artist and Company will have no further rights to the recording.
- Company will release the Records within \_\_\_\_\_ months of delivery of the Master Recordings (the "Guaranteed Release Date"). Artist will give written notice if Company fails to release the recording by the Guaranteed Release Date, and if, after thirty (30) days from notification, the Company has not released the recording, Artist may terminate this agreement and acquire the unreleased Master Recording and all related rights by paying to Company the sum of any advance for the Master Recording.

**Artist Promotional Records**

Company will furnish to Artist a total of \_\_\_\_\_ promotional Records at no charge. Artist may obtain further Records from Company at Company's then-wholesale cost.

**Album Artwork (Check if applicable and fill in blank)**

- Artist, at its own expense, may furnish camera-ready artwork for the Records at the time of delivery of the Master Recording. Such artwork may be delivered in electronic format. Company has the right to modify or conform the artwork to meet Company specifications and standards. However, Company will consult with Artist before making any modification. If Artist elects not to furnish artwork, Company will prepare the artwork and consult with Artist regarding the design. Company will advance the sum of \$\_\_\_\_\_ for artwork preparation. This payment is an advance against future royalties.

**Artist Warranties**

Artist warrants to Company that Artist has the power and authority to enter into this Agreement, is the Artist and copyright holder of the Master Recordings, or has or will obtain all necessary and appropriate rights and licenses to grant the license in this Agreement with respect to the Master Recordings. Artist represents and warrants that the Master Recordings are original to Artist except for material in the public domain and such excerpts from other works as may be included with the written permission of the copyright owners and that proper clearances or permission have been obtained from the Artists of any copyrighted material, including but not limited to any digitally



reprocessed samples of material incorporated in the Master Recordings. Artist warrants that Artist's use of any name or moniker will not infringe on the rights of others and that Artist's use of any musical composition or arrangement will not infringe on the rights of others.

Artist further warrants that the Master Recordings do not:

- contain any libelous material
- infringe any trade name, trademark, trade secret, or copyright, or
- invade or violate any right of privacy, personal or proprietary right, or other common law or statutory right.

Artist indemnifies Company and will defend Company against and hold Company harmless (including, without limitation, attorneys' fees and costs) from any claims and damage arising out of a breach of Artist's Warranties as provided above. Artist agrees to reimburse Company for any payment made by Company with respect to this Section, provided that the claim has been settled or has resulted in a final judgment against Company or its licensees. Artist will notify Company in writing of any infringements or imitations by others of the Master Recording that may come to Artist's attention.

### **Controlled Compositions License**

Artist grants to Company an irrevocable worldwide license to reproduce all compositions wholly or partly written, owned, or controlled by Artist (the "Controlled Compositions"). Artist grants to Company a first mechanical license with respect to all Controlled Compositions.

### **Mechanical Royalties**

Artist acknowledges and agrees that Company will pay a royalty for the mechanical license on all Records manufactured for sale or commercial distribution at \_\_\_\_\_ % of the minimum compulsory license rate (the "Company Mechanical Rate") applicable in the country of manufacture. The applicable minimum statutory rate will be determined as of the date of the commencement of the recording of the applicable Master Recording. Mechanical Royalties are not payable with respect to musical compositions of one minute or less in duration.

### **Termination**

Artist can terminate this Agreement if Company fails to pay Artist's Royalties when due or to accurately report Net Sales and the failure is not corrected within 30 days after written notice from Artist. If this Agreement is terminated because of a failure to pay or accurately report royalties, all rights granted under this agreement will revert to Artist and Company will have no further rights regarding Artist or the Master Recording.

If this Agreement is terminated for a reason other than Company's failure to pay or accurately report Artist's Royalties, the termination will not terminate the underlying license and copyrights granted to



Company by Artist or Company's obligations to pay Royalties under this Agreement.

### **Mediation and 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 any such arbitration proceeding 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 Artist 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 Agreement**

Nothing contained in this Agreement makes either Company or Artist 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 shall be construed as 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 with respect to the 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.

Artist Business Name \_\_\_\_\_

Artist Representative Name and Title \_\_\_\_\_

Artist Representative Signature \_\_\_\_\_

Artist Address \_\_\_\_\_

\_\_\_\_\_  
Date \_\_\_\_\_



Company Name \_\_\_\_\_

Company Representative Name and Title \_\_\_\_\_

Company Representative Signature \_\_\_\_\_

Company Address \_\_\_\_\_

Date \_\_\_\_\_