

Independent Label License Agreement

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General Information

Independent Label License Agreement

This Independent Label License Agreement is between a musical artist and a independent label who agrees to promote the artist's music and license the rights to artist's recordings. This license agreement sets out the specific terms of the arrangement including the songs which will be licensed, the rights artist grants to the company for the recordings and how the recordings will be delivered. It also contains provisions regarding the use of artist's name and likeness and the payment of any advances or royalties.

It is imperative that this licensing transaction be clearly set forth in writing. A well-written Independent Label License Agreement will prove invaluable in the event of disagreements, misunderstandings or litigation between the independent label and the artist.

Instructions and Checklist

Independent Label License Agreement

- The parties should read the license agreement carefully.
- Insert all requested information in the spaces provided on the form.
- The parties should read the "Advances," "Royalties" and "Singles" provisions carefully. If there are disagreements, they will likely focus on these provisions.
- This agreement contains a "Mediation/Arbitration" provision. If the parties prefer that any disagreements be resolved through the courts, insert the appropriate language.
- This form contains the basic terms and language that should be included in similar agreements.
- This license agreement must be signed by the artist and a representative of the independent label.
- The parties should retain either an original or copy of the signed agreement.
- All legal documents should be kept in a safe location such as a fireproof safe or safe deposit box.

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INDEPENDENT LABEL LICENSE AGREEMENT

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:

- 1. Recordings and Records.** Company desires to license rights to a sound recording entitled _____ (the "Master Recording") consisting of the following songs: _____

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

- 2. Grant of Rights.** Company shall 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 shall revert to Artist. Artist grants to Company the following rights to the Master Recording: _____ commercial requirements in various formats now known or later developed.

- 3. Territory.** The rights granted to Company are limited to _____ (the "Territory").

- 4. Right to Use Artist's Name and Likeness.** Company shall have 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 shall be available from time to time to appear for photography, video performance, or the like, under the reasonable direction of Company. Artist shall not be entitled to any compensation for such services except for reimbursement of travel expenses.

- 5. Delivery of Master Recording.** Within ___ months of the Effective Date, Artist will deliver to Company the Master Recording.

- 6. Production of Master Recording.** Artist shall be responsible for payment of all expenses incurred in the production of the Master Recording and shall obtain the appropriate permission, clearance or release from any person or union who renders services in the production of the Master Recording.

7. **Advances.** *(Check and fill in blanks if applicable.)*
[] All monies paid by Company to Artist other than royalties paid pursuant to this Agreement, shall be considered an advance against royalties ("Advances"). All Advances shall be set off against future royalties. In connection with the initial Recording delivered, Company will pay Artist an Advance of \$ _____ on the date of _____.
8. **Royalties.** Company shall pay Artist a percentage (the "Royalty") of the Company's sales for all Records sold less the following costs: actual container costs not to exceed ___ % of SRLP, and excise, sales and similar taxes.
Company shall pay Artist ___ % of *(select one)*:
[] suggested retail list price (SRLP) or
[] wholesale price.
9. **Singles.** In the event that Company releases singles, Company shall pay Artist ___ % of *(select one)*:
[] suggested retail list price (SRLP) or
[] wholesale price.
10. **Reserves.** *(Check and fill in blanks if applicable.)*
[] In computing the recordings sold, only recordings for which Company has been paid or credited shall be considered sold. Company shall have the right to deduct returns and credits and to make reasonable reserves, not to exceed ___% of sales in any one accounting period, provided that such reserves shall be liquidated within ___ accounting period(s).
11. **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 shall be prorated. For example, if a composition from the Master Recording is included on a compilation containing nine selections from other artists, Artist shall be entitled to one-tenth (1/10th) of the royalty rate.
12. **Promotional Recordings and Cutouts.** No royalties will be due on Records furnished on a promotional basis. Nor shall any royalty be due for Records sold by Company as cutouts or for scrap or otherwise upon deletion from Company's catalogue.
13. **Statements; Audit.** Company shall pay Artist the Artist's Royalties within _____ days after the end of each quarter. Company shall also furnish an accurate statement of sales of Records during that month. If late in any payment, Company shall 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 shall keep accurate books of account covering all transactions relating to this Agreement. Artist or its representatives shall have the right upon 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 shall pay for the audit.
14. **Video.** *(Check and fill in blanks if applicable.)*
[] If Company determines, 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 shall mutually agree upon the budget and production costs (the "Production Budget") for such Video or Videos. All sums paid by Company as part of the Production Budget shall be considered as an Advance against royalties. Company shall be the sole owner of all worldwide rights to each Video, including the worldwide copyrights. Company shall 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" mean all uses for which Company receives no money in excess of incidental fees such as tape stock and duplication and shipping. Artist shall be entitled to a royalty as established in the Royalty Section for all revenue derived from commercial exploitation of the Videos. Artist shall 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 shall have the right to allow others to use the Videos for commercial purposes. If Company licenses or commercially exploits the Videos, Company shall pay, after deducting all costs advanced for production, a royalty of: ____ % of the net revenues from any license or sale of such Video. Artist grants to Company the right to synchronize the Master Recordings with visual images to create Videos.

15. Commercial Release of Records. *(Select one and fill in blanks.)*

Company shall release the Records within _____ months of delivery of the Master Recordings (the "Guaranteed Release Date"). Artist shall provide written notice if Company fails to release the recording by the Guaranteed Release Date, and if, after 30 days from notification, the Company has not released the recording, Artist may terminate this agreement and all rights in the Master Recordings shall revert to Artist and Company shall have no further rights to the recording.

Company shall release the Records within __ months of delivery of the Master Recordings (the "Guaranteed Release Date"). Artist shall provide written notice if Company fails to release the recording by the Guaranteed Release Date, and if, after 30 days from notification, the Company has not released the recording, Artist may terminate this agreement. In the event of such termination Artist may acquire the unreleased Master Recording and all related rights by paying to company the sum of any advance for such Master Recording.

16. Artist Promotional Records. Company shall furnish to Artist a total of __ promotional Records at no charge. Artist may obtain further Records from Company at Company's then wholesale cost.

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

Artist, at its own expense, may furnish camera-ready artwork for the Records. Such artwork shall be delivered in computer format at the time of delivery of the Master Recording. Company shall have the right to modify or conform the artwork to meet Company specifications and standards. However, Company shall consult with Artist before making any such modification. In the event that Artist elects not to furnish artwork, Company shall prepare the artwork and shall consult with Artist regarding the design. Company shall advance the sum of ____ for artwork preparation and such payment shall be considered an advance against future royalties.

18. 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
- * invade or violate any right of privacy, personal or proprietary right, or other common law or statutory right.

Artist hereby indemnifies Company and undertakes to defend Company against and hold Company harmless (including without limitation attorney 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 shall notify Company in writing of any infringements or imitations by others of the Master Recording which may come to Artist's attention.

19. 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 in 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 shall be determined as of the date of the commencement of the recording of the applicable Master Recording. Mechanical Royalties shall not be payable with respect to musical compositions of one minute or less in duration.

20. 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 thirty days after notice from Artist. If this Agreement is terminated because of a failure to pay or accurately report royalties all rights granted under this agreement shall revert to Artist and Company shall 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 shall not terminate the underlying license and copyrights granted to Company by Artist or Company's obligations to pay Royalties under this Agreement.

- 21. 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 upon mediator in _____ . Any costs and fees other than attorney fees shall be shared equally by the parties. If it proves impossible to arrive at a mutually satisfactory solution, the parties agree to submit the dispute to binding arbitration in the same city or region, conducted on a confidential basis pursuant to:
[] 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 shall include the assessment of costs, expenses and reasonable attorney's fees and shall include a written determination of the arbitrators. Absent an agreement to the contrary, any such arbitration shall be conducted by an arbitrator experienced in music industry law. An award of arbitration shall be final and binding on the Artist and may be confirmed in a court of competent jurisdiction. The prevailing party shall have the right to collect from the other party its reasonable costs and attorney fees incurred in enforcing this agreement.
- 22. General.** Nothing contained in this Agreement shall be meant to establish 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 shall be interpreted so as best to effect the intent of the parties. This Agreement shall be 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 shall be entitled to attorney's fees.

Artist Business Name

Artist Representative Name & Title

Artist Representative Signature

Artist Address

Date

Company Name

Company Representative Name & Title

Company Representative Signature

Company Address

Date