

SGA Contract Primer

The Songwriters Guild of America protects your rights by providing you with the best songwriter's contract in the business - The SGA Popular Songwriters Contract. Updated to take advantage of the latest provisions of the current Copyright Act, the contract is a protection for songwriters in their dealings with publishers. The Guild contract contains many provisions that may not be part of what is often called a 'standard' songwriter's agreement.

The Guild Contract has been prepared as a stand-alone agreement for the independent songwriter to use as a single-song agreement with a publisher. Since all contracts are open to negotiation, the Guild Contract contains flexible options. We suggest that any changes made to the contract (either by songwriter or publisher) be reviewed by the SGA prior to signing. This review service is free to our Platinum and Diamond members.

We understand, of course, that many publishing companies have documents prepared by their legal department which they prefer to use. In this instance, one can use the Guild Contract as a barometer against which to measure any other legitimate contract offer. As an extended service free to our Platinum and Diamond members, the Guild will review any single-song agreement offered to you by a bona fide publisher. Though we will not advise members to either sign or not sign a contract, we will tell songwriters what is in their favor and what is not.

Some of the highlights of the SGA Contract include:

Reversion: If the publisher fails to obtain a commercial recording of a song within an agreed upon time (usually not to exceed 12 months) the song must be returned to the writer. The publisher, however, may extend the term of the contract for an agreed-upon period of time (usually not exceeding six months) by paying the writer a bonus of at least \$250.

Sliding Scale Percentage: The Guild contract provides the formula most advantageous for computing royalties from sheet music. Most 'standard' agreements provide for a flat rate of a few pennies per copy sold. The Guild Contract guarantees a royalty of at least 10 percent of the wholesale price. As the wholesale price increases, your royalties increase as well. Moreover, the percentage itself increases under the 'sliding scale' as your sheet music sales reach higher levels.

Auditing: The Guild Contract provides that your publisher permit you or your agent to inspect all books and records pertaining to your songs. Our auditing clause is unique in providing writers with maximum access to their publisher's records.

Ten Basic Components Of Any Good Contract:

Songwriting contracts vary from publisher to publisher and often from writer to writer within a publishing company. Within a contract, everything is negotiable. Songwriters should not attempt to arrange any sort of long-term agreement without the help of someone who has experience in dealing, objectively, with the issues involved in negotiating contracts between songwriters and publishers. The following are basic points that any good contract should include:

1. *Work for hire:* When you receive a contract covering just one composition, you should make sure that the phrases 'employment for hire' and 'exclusive writer agreement' are not included. Also, there should be no options for future songs.
2. *Performing rights affiliation:* If you previously signed publishing contracts, you should be affiliated with either ASCAP, BMI or SESAC. All performance royalties must be received directly by you from your performing rights organization and this should be written into your song contract (the same goes for any third-party licensing organization mutually agreed upon).
3. *Reversion clause:* The contract should include a provision stating that you may terminate your contract if the publisher does not secure a release of a commercial sound recording within a specified time (one year - two years, etc).
4. *Changes in the composition:* If the contract includes a provision stating that the publisher can change the title, lyrics or music, this should be amended so that such changes can only be made with your previous consent.
5. *Royalty provisions:* Basically, you should receive fifty percent (50%) of all publisher's income on all licenses issued. If the publisher prints and sells his own sheet music and folios, your royalty should be ten percent (10%) of the wholesale selling price. The royalty should not be stated in the contract as a flat rate (\$.05, \$.07, etc).
6. *Negotiable deductions:* Ideally, demos and all other expenses of publication should be paid in full by the publisher. The only allowable fee generally charged to you is the Harry Fox Agency collection fee, whereby the writer pays one-half of the amount charged to the publisher. Today's rate charged by The Harry Fox Agency is 4.5 percent.
7. *Royalty statements and audit provision:* Once your song is recorded and printed, you are entitled to receive royalty statements at least once every six months. In addition, an audit provision, with no time restriction, should be included in every contract.
8. *Writer's credit:* The publisher should make sure that you receive proper credit on all uses of the composition.
9. *Arbitration:* In order to avoid large legal fees involved with any dispute with a publisher, the contract should include an arbitration clause.

10. *Future uses:* Any use not specifically covered by the contract should be retained by the writer to be negotiated as it becomes salient.

The SGA is here to help members negotiate the best contract possible. Call us at (615) 329-1782 with your contract questions.