

# SGA Contract Step-By-Step Guide

The Songwriters Guild of America is a voluntary association of songwriters; it is not a union. The SGA Contract is thus not a negotiated contract between publishers and the SGA. Rather, the Contract has been prepared by SGA and its legal counsel and represents what SGA believes to be the best minimum songwriter contract available.

The Contract is an agreement between a songwriter (or co-writers) and a publisher. It sets forth the rights and obligations of both parties, with respect to a song or songs. In order to facilitate a general understanding of the terms of the Contract, the following is a brief summary of its highlights.

## **Paragraph 1:**

Here, the songwriter assigns his song to a publisher, for use throughout the world, for a designated number of years. The period of use should not exceed 40 years, or 35 years from the date of the first release of a commercial sound recording (the term reflects the provisions of the 1976 Copyright Revision Law). The shorter the term, the better for the songwriter, because if the song is successful, the songwriter can renegotiate more favorable financial terms at an earlier time. The length of the term will often depend on the bargaining strength and reputation of the songwriter.

## **Paragraph 2:**

This recognizes that the songwriter is a member of a particular performing rights organization (ASCAP, BMI or SESAC) and that this Contract will not interfere with the songwriter's collection of performing rights proceeds directly from his/her performing rights organization. It is crucial that the songwriter and publisher are members of the same performing rights organization.

## **Paragraph 3:**

Here, the songwriter warrants that the song is her or her own original creation and, as such, the songwriter has the right to enter into the agreement.

## **Paragraph 4:**

The paragraph sets forth royalties to be paid for various types of uses of the song. Note that the Contract sets forth minimum amounts that the songwriter must receive. Of course, the songwriter is free to attempt to negotiate for higher royalty rates. If no amounts are filled in, the minimum amounts apply. Paragraph 4(k) provides that the initial publisher may not, without the songwriter's written consent, grant certain licenses not specifically permitted by the Contract (e.g. use of the title of the song; to give a dramatic representation of the song; synchronization, licenses, etc.).

## **Paragraph 5:**

This paragraph applies if the song or songs being sold were written by more than one

songwriter. If so, each songwriter will share royalties equally, unless specified otherwise in Paragraph 23.

**Paragraph 6:**

This paragraph requires the publisher to have a commercial sound recording of the song made and released within 12 months from the date of the Contract or to pay the songwriter a sum of not less than \$250.00 dollars for the right to extend this period for not more than six months. If the publisher does not comply, the Contract terminates and all rights return to the songwriter. This paragraph also provides that the publisher provide the songwriter with six copies of the sound recording once it is cut. Also, under paragraph 6(c), it states that the publisher must either (i) publish, and offer for sale, regular piano copies of the song within thirty days of release of the sound recording; or, (ii) make a piano arrangement or lead sheet of the song within thirty days of execution of the Contract - with six copies to be given to the songwriter. Both parties must select which of the two alternatives will apply.

**Paragraph 7:**

This paragraph deals with the publisher's sub-licensing of the song in foreign countries. It guarantees that the songwriter will receive no less than 50% of the revenue by the publisher from rights licensed outside the U.S.

**Paragraph 8:**

This section explains what happens when the Contract terminates (that is, all rights revert to the songwriter, subject to any outstanding licenses issued by the publisher and the latter's duty to account for monies received after termination).

**Paragraph 9:**

This deals with exploitation of the song in a manner not yet contemplated and, thus, not specifically covered in the Contract. Any such exploitation must be mutually agreed upon by the songwriter and the publisher.

**Paragraph 10, 11 and 12:**

These paragraphs deal with the method of payment of royalties to the songwriter and the songwriter's right to inspect the publisher's books.

**Paragraph 13:**

Various uses of the song, such as sound recordings and arrangements, are considered derivative works under the Copyright Law. Often, such derivative works can have more financial value than the original sheet music. This provision provides that when the Contract terminates, the publisher loses all rights in such derivative works, as well as in the original version of the song.

**Paragraph 15 and 16:**

These paragraphs deal with bringing lawsuits against those who infringe upon the songwriter's rights and defending lawsuits in the event someone claims that the song infringed upon a copyright.

**Paragraph 17:**

In the event there is a dispute between the songwriter and the publisher that they cannot resolve, such dispute is to be settled by arbitration (generally considered a more expeditious and inexpensive means of settling claims).

**Paragraph 18:**

This places restrictions on a publisher's rights to sell the songwriter's song to another publisher - other than as part of the publisher's entire catalog.