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[How To Protect Director's Compensation in Entertainment Contracts](#)

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Director's role in conceptualizing, structuring, animating and executing a successful motion picture production is, to a great extent, incontrovertible. Nonetheless, such prominent role could perpetuate frictions among various players and leave the director even bereft of "proper" compensation. Let us explore to some extent how directors should navigate the maze of compensation universe and protect their rights, to the extent possible.

SOME BACKGROUND

Director's compensation could be negotiated like authors. Nonetheless, director's compensation is negotiated based on the following prescriptive standards:

- **DURATION OF SERVICES:** According to the duration of services rendered by Director.
- **COMMERCIAL SUCCESS:** According to the production's commercial success, namely additional contingent compensation.
- **MEDIA USE OR REUSE:** According to the use or reuse of media encompassing residuals fees.
- **EXPENSES:** According to the director's expenses for directing the motion picture.
- **DGA MANDATED PAYMENTS:** According to DGA (Directors Guild of America) mandated pension, health and welfare payments.



DIRECTOR'S COMPENSATION

1. FIXED FEE COMPENSATION

It is customary for directors to receive compensation for their services according to the duration of such services. This means the director receives a flat sum of money for a set period of time. When the director has to work beyond the set time, for instance, for periods of production or post-production, the set fee could be increased by a prorated weekly salary.

NOTE

This set fee, generally, is separate from other compensation director should or could receive. The set fee is generally sacrosanct against other parts of a director's compensation package.

2. CONTINGENT COMPENSATION

In addition to fixed fee, it is essential for director to request and receive some compensation based on the production's commercial success. Such contingent compensation could be based on a portion of "[net profits](#)" or [gross participation](#). The most successful contingent compensation could be tied to a share of gross profits as collected by the distributor.

NOTE

This is important for the director to be mindful if the producer is an independent producer. In such circumstances, it would be prudent to determine if the director's contingent compensation is defined as to level of the net proceeds or gross profits received by the producer, distributor or not. As enunciated earlier, it is usually the best to negotiate for a sizable portion of the gross profits as collected by the distributor. Nonetheless, sometimes, directors and their agents should be pragmatic and accept other reasonable offers give the totality of the circumstances.

3. REUSE OR RESIDUALS FEES COMPENSATION

A director may ask for more compensation, in addition to fixed fee and contingent compensation, in the form of residuals fees. Such fees often refer to use of the motion picture the director directed for use in different mediums or repeated use of the motion picture. For instance, a director may negotiate and receive a share of books, video games, theatrical releases based on the motion picture.

NOTE

For productions subject to DGA jurisdiction, usually, a mandatory residual schedule is used for additional uses in domestic or foreign territory.



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SALIENT NOTE

This article represents only *SOME* of the issues and concerns related to directors' compensation in entertainment contracts. You may contact [Doron Eghbali, Esq.](#) with any questions.

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