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[What Are Some Provisions of Exclusive Recording Agreement?](#)

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Exclusive Recording Agreement ("Agreement") between an artist and a recording company encompasses some rather unique and other rather esoteric provisions applicable to only such agreements. Let us review, in some depth, duration, exclusivity, advances and royalty provisions of such agreements, among others.

1. DURATION OF AGREEMENT

Unlike many other entertainment agreements, duration of such Agreement is not predicated on number of months or years; rather the duration of such Agreement is predicated on the number of records to be delivered to the record company.

It is important to note the end of the contract is not determined by a certain date, but it is the date the last record created by the artist is delivered to the record company and is accepted by the record company based on contractual obligations. Accordingly, Agreement could take years to complete or less depending upon the last record delivery and acceptance by the record company.

The number of records an artist is obligated to deliver to a record company is referred to as Minimum Recording Commitment or Minimum Delivery Commitment. Often, an artist is obligated contractually to deliver 1 or 2 albums within what is called the initial contract period and then the recording company has successive options to request more albums. Then each option allows the recording company to ask for a certain number of records.

Such delivery schedule allows recording company to cut costs and losses if an artist is unsuccessful or ensure future success and dollars by investing incrementally in an artist's professional career. On the other hand, artist does not feel overwhelmed and enslaved by a deal for a long period of time. Accordingly, it can be cogently argued, this delivery and duration arrangement in such Agreement could be advantageous to both parties, to some extent.



2. EXCLUSIVITY OF AGREEMENT

Exclusivity relatively restricts Artist's freedom and possession in exchange for needed monetary contribution. Exclusivity commits Artist exclusively to the recording company. Artist exclusively belongs to the recording company and cannot have any deals with other recording companies whatsoever. In addition, whatever Artist creates and delivers to the recording company, during the duration of the contract, is the exclusive property of recording company.

3. ADVANCES OF AGREEMENT

Recording company may pay Artist money in advance of any master recordings. Such advances are usually recouped by the recording company from the royalties received from such master recording or any other recordings Artist has created and delivered for the recording company until such advances are paid in full. In other words, recording company not only usually receives royalties on the master recording for which the Artist received an advance, but also recording company is entitled to receive royalties from the Artist's royalties not related to the master recording for which Artist received advance and owned by recording company.

4. ROYALTIES OF AGREEMENT

Artist receives royalties from the recording company based on the number of sales. Often, such sales are calculated either based on the retail list price of such recording or the wholesale price. As delineated before, recording company is entitled to recoup any advances Artist received from the royalties. In addition, recording company may often seek recoupment for certain costs including but not limited to promotional videos. Nonetheless, often, recording company is solely responsible for administrative costs, manufacturing costs and some promotional expenses. Accordingly, Artist has to pay out of royalties the recording company for costs and then receive whatever, if any, money left, based on contractual terms and provisions.

This is extremely important to note such recoupable or non-recoupable costs are subject to negotiation to some extent and the specifics of such deal vary depending on the negotiating strengths and weakness of parties involved.

SALIENT CAVEAT

This article neither supplants the sophistication nor the specification required in any Exclusive Recording Agreement. In fact, such agreements involve rather esoteric terms and conditions and warrant expert analysis. This article ONLY provides a rather rudimentary summary of such expansive subject matter.

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