

Distribution Agreement Checklist

This is a checklist of key deal points and issues in a distribution agreement. It is not exhaustive. It is not a substitute for legal advice. Every deal is different in some way. Almost all deals can be improved by professional analysis and negotiation. Producer agreements can have significant implications on an artist's and label's exploitation of masters. You should get competent and specialised legal advice on the subject matter and terms of any agreement before you sign anything. However, this checklist sets out the details and issues you should be on the look-out for.

1 Distributor's details

Company or individual? Proper Entity name or trading name (if any?)

2 Master owner's details

Company or individual? Artist or label?

3 Term

- a. Commencement date
- b. Length of term
- c. Options for Album?

4 Territory

Australia, U.S., world, world excluding Australia? (different for digital and physical?)

5 Album/track details

- a. Name of album/EP/single
- b. Name of artist(s)
- c. Name of composer(s)
- d. Any bonus material?
- e. Distributor's credit on physical CDs?
- f. Retail price?

6 Rights

- a. Physical and/ or digital
- b. If distributor seeks some of the rights of a Master licensee (increasingly common) which rights: compilation, synch for TV and/ or advertising, soundtracks, etc?
- c. Film, TV, compilations, soundtrack, samples?
- d. Cut-out sales etc

7 Delivery

- a. Format, method and time of delivery
- b. Deliver stock vs. deliver master and material for manufacture

8 Distribution services

- a. Who manufactures stock?
- b. Storage, who owns stock?
- c. Sufficient manufacture to meet market demands
- d. Accounting, reporting frequency and details to be provided, audit?
- e. Administration (invoicing (timing), processing returns, disbursements)
- f. Any Promotion and Advertising?
- g. Manufacturing (price, artwork, copyright notices)

9 Advance and distribution fees

- a. Will distributor pay advance?
- b. Distributor's fee
 - i. Calculation (sold and not returned)
 - ii. Percentage (15%-25%)
 - iii. Deductions (promo, manufacture costs, bad debts, discounts)
 - iv. Administration fees
- c. Reserves
 - i. Calculation (based on previous accounting period?)
 - ii. Percentage (max 25% for albums)
 - iii. Paid through at end of next accounting period?

10 Termination

- a. Timing (get-out clause)
- b. Return of stock, sell-off period, stock buy-back

For further information consult your local Industry Association, Arts Law, or a legal professional.