

MUSIC DISTRIBUTION AGREEMENT CHECKLIST

THIS IS A CHECKLIST OF KEY DEAL POINTS AND ISSUES IN A MUSIC DISTRIBUTION AGREEMENT. IT DOES NOT COVER EVERY ISSUE THAT MIGHT ARISE. EVERY DEAL IS DIFFERENT IN SOME WAY. YOU SHOULD GET LEGAL ADVICE ON LEGAL AGREEMENTS BEFORE YOU SIGN THEM. BUT THIS CHECKLIST IS A GREAT STARTING POINT.

Remember to check out the Music Distribution Agreement Fact Sheet for further information.

1. DISTRIBUTOR'S DETAILS

- 1.1. Will the distributor sign in their own name or via a service company? Use the correct entity name, trading name (if any) and ACN or ABN.

2. MASTER OWNER'S DETAILS

- 2.1. Company or individual? Artist or label?
- 2.2. Jointly owned? If so, you need consent of all owners to uses of copyright in the recording.

3. TERM (THE PERIOD OF THE GRANT OF RIGHTS)

- 3.1. Commencement date.
- 3.2. Length of term.
- 3.3. Options for further recordings (such as future EPs or future album)?

4. TERRITORY

- 4.1. Australia, USA, world, world excluding Australia?
- 4.2. Different for digital and physical? E.g. exclusive in one territory for physical but non-exclusive for digital?

5. DETAILS OF RECORDINGS

- 5.1. Name of album/EP/single.
- 5.2. Name of artist(s).
- 5.3. Name of composer(s) and any publishers of songs recorded.
- 5.4. Any other metadata? E.g. ISRC Code, ISWC Code, country of origin, copyright owner(s), date of registration and the designation number for each track.
- 5.5. Any bonus material, such as video clips or remixes?
- 5.6. Distributor's credit line on metadata or physical product, eg , and © [year] [owner] distributed [exclusively] by [distributor].

6. RIGHTS

- 6.1. To distribute physical-only, digital-only, or both?
- 6.2. Does distributor seek some of the rights of a master licensee to use the copyright in the recordings, e.g. compilation, samples, remixes, sync licenses for audio-visual uses such as product advertisements, films, games and other media productions? If so, what approval rights will artist have?
- 6.3. Post-term sell-off rights for physical product?
- 6.4. Are they seeking admin credentials to social media channels and/or monetisation rights?

7. DELIVERY

- 7.1. Format, method and time of delivery.
- 7.2. What is to be delivered? E.g. mixed and mastered audio files, any stems, artwork, metadata and electronic press kit.

8. DISTRIBUTION SERVICES

- 8.1. Scope of services: just distribution in agreed formats? Or other licensing (syncs, etc) as well? Monetisation and other collection services? Are extra services exclusive or non-exclusive?
- 8.2. For physical-only:
 - a) Who manufactures stock?
 - b) Storage, who owns and insures stock?
 - c) Sufficient manufacture to meet market demands.
 - d) Processing returns.
 - e) Manufacturing (price, artwork, copyright notices).
- 8.3. Accounting, reporting frequency and details to be provided. (Is it via a platform that owners log in to, or physical or digital statement being sent out?)
- 8.4. Audit and inspection rights.
- 8.5. Payment methods (invoicing (timing), recipient created tax invoices)
- 8.6. Any promotion and advertising? Are there any other promotional obligations on the artist (e.g. cross-promotion of the distributor or the release through social media channels)?

9. ADVANCE AND DISTRIBUTION FEES

- 9.1. Will distributor pay advance(s)?
- 9.2. Distributor's fee (what is the distributor charging?)
- 9.3. Calculations relating to physical sales (sold and not returned):
 - a) Percentage (15%-25%).
 - b) Deductions (promo, manufacture costs, bad debts, discounts, handling or re-stickering fees for returns).
 - c) Administration fees.
 - d) Income reserves against returns:
 - (i) Calculation (based on previous accounting period?).
 - (ii) Percentage, only on physical sales (max 25% for albums).
 - (iii) Paid through at end of next accounting period?

10. TERMINATION

- 10.1. Timing (who can terminate and when?).
- 10.2. Is there a termination for convenience or only for breach, insolvency?
- 10.3. Physical:
 - a) Return of stock, sell-off period, stock buy-back.
- 10.4. Digital:
 - a) Timing of take downs, registration with PPCA, SoundExchange and other collecting organisations?
 - b) Return, transfer and/or release of metadata and any social media credentials.

For more information, you can speak to your local Industry Association, the Arts Law Centre of Australia or a legal practitioner.



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This checklist is an initiative of the Australian Music Industry Network. For more information visit www.amin.org.au.