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Financial freedom: The legal highs and lows of independent artists vs. majors



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There's something to be said for secondary labels. If run correctly, they can provide a bit more freedom and camaraderie between the label owner and artists. Imagine John Legend not working with Kanye West on G.O.O.D. music. Or, Swizz Beatz without DMX on Ruff Ryders. Or, Rick Ross not working with Meek Mill and Wale on MMG. Or, Bow Wow not working with Jermaine Dupri on So So Def. Or the entire Young Money team not working with Baby on Cash Money Records. While fans may be aware that there's usually a major label backing secondary labels, the face of the company is more often than not the secondary label, as it should be.



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BOUNCE ARTIST MESSY MYA'S FAMILY IS SENDING BEYONCE BOUNCING INTO COURT



LIGHTS, CAMERA, ACTION: KEKE PALMER CHALLENGES TREY SONGZ IN LEGALLY RECORDING



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Newer artists may prefer to have a team behind them to increase exposure. And sometimes established artists get to the point where they no longer really need the team and can do well on their own. Chance the Rapper winning the Best New Artist award at the 2017 Grammy Awards is inspirational for newer, independent artists, specifically in the digital age of music.

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On the other hand, fans knew all about J. Cole's new release "4 Your Eyez Only" and Yasiin Bey's "December 99th" with minimal marketing and only their names as the face of the release. Tech N9Ne is a clear example of a hardcore lyricist who can independently bring in a plethora of cultures from white to Asian to Latino — and that's without his collaborations with Kendrick Lamar, Eminem, Busta Rhymes and Lil Wayne. Even without Irv Gotti, Lloyd's EP will more than likely do well and [Soulquarius](#) attendees will know the words to his songs.

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Top Grammy-nominated singer Beyonce has shown twice that she can release a surprise album with very little promo and the Beyhive will still buy it in droves. And now she's working with her own artists through her record label Parkwood Entertainment. However, the artists she's carefully chosen did establish their own following beforehand though, which makes them even more intriguing to listen to.

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Independent artists often have the opportunity to skip the middleman, but they also have increased duties in marketing and promotions, team/employee expenses, paying for videos, handling wardrobe, scheduling tour dates, flight reservations and cancellations, etc. So in order for new record label owners and/or independent artists to get similar results as the big leagues, they have to secure a strong team.

So which one is better? Working solo under one’s own label, with a team or with a major record label? The answer to that depends more on each individual artist and cannot be generally answered across the board. But here are some legal tips to keep in mind before making a final decision on which way to go.

Legal tips for working independently

As an independent artist, your team



As an independent artist, your team (manager, booking agent, publicist, publisher, lawyer, etc.) is critical to your success. Independent artists should have written agreements with each member of their team. Some important contract terms to keep in mind:



Term: How long do you want to work with your manager, publicist or attorney? It takes time for a manager to secure opportunities for the artist. Typically, most management contracts are 16 months to two years. An independent artist may not want to obligate themselves for two years to a manager, who is just getting his or her start in the music industry. Music publicists generally ask for a contract term of three to six months because it takes time to get the artist placed in mainstream media outlets and publications.

Compensation: How much is the independent artist going to pay the members of his or her team? Established music publicists typically request a monthly fee of \$2,000 a month. The artist may want to try to negotiate a payment plan with the publicist. Alternatively, negotiate a payment arrangement in which the publicist submits three press releases on the artist's behalf for a flat fee.

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Termination: How can the contract be terminated? Sometimes differences may arise between the parties, and an artist may not want to be obligated to a two-year period to work with the manager. The independent artist will want to make sure the contract provides flexibility in which the contract can be terminated.

Legal tips for working with a secondary label

Where's the money?: Secondary labels are usually owned by a major label. When signing with a secondary label, the artist will want to have a strong understanding of who is controlling the money. Is the major label controlling the money or the secondary label? The artist does not want to find themselves in a situation similar to Little Wayne, where the secondary label owes the major label money, and as a result the artist cannot get paid money due.

Legal tips while working with a major label

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The main reason artists sign with a major label is for marketing and distribution support. This comes with a trade-off to the artist. When entering into a major record label agreement, the artist may want to consider:



Copyright ownership: Most major label contracts require the artist to give up copyright ownership of songs the artist created before and during the contract term. The artist may want to limit the copyright ownership to songs created while signed to the label. Further, the artist could try to negotiate a reversion clause that grants the artist copyright ownership of the song after a certain number of years.

Termination clause: During the contract term, the artist and record label may experience creative differences. The artist may want to negotiate a buyout clause that allows him or her to pay the record label a certain amount if the artist feels the need to terminate the contract early.

Defining the recoupment clause: Most artist recording contracts stipulate that the

Defining the recoupment clause: Most artist recording contracts stipulate that the artist has to pay back monies that the record label paid to market and promote the artist. With these clauses, the artist may never see a payment during the three-year contract term because he or she is paying the record label back for money it spent. Negotiating a low advance up front helps to limit the amount of money the artist has to pay back to the label. An exhibit to the contract that stipulates a budget for marketing, studio time and other expenses the artist has to pay back to the label gives the artist a clear understanding of how much he or she will have to pay back before seeing a check.

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Have more questions about music industry contracts? Contact [J. Paye & Associates](#) today.

Shamontiel L. Vaughn contributed to this blog. Find out more about her at [Shamontiel.com](#).