THE ELEPHANT IN THE MUSIC BUSINESS

7 Music Industry Contract Red Flags

The clauses that cost musicians thousands. Most of them sound completely normal.

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Hey, I'm Michael Surprenant.

I've spent 30+ years in this business — Berklee, the road, sessions with 20+ Grammy winners, production work for Disney, Marvel, and Skywalker Sound, and 200+ independent artists who came to me bleeding from deals they wish they'd read more carefully.

This isn't legal advice. This is field notes.

The clauses below have cost real musicians real money — sometimes their entire catalog. Most of them are written to sound completely normal. That's the point. The industry doesn't trick you with scary language. It tricks you with familiar language.

If you see any of these in a contract, slow down. Ask questions. Get a music attorney before you sign.

Or don't sign.

Let's go.

01 “Work for Hire”

WHAT IT LOOKS LIKE

“Producer hereby agrees that the Composition is a ‘work made for hire’ as defined under the Copyright Act, and all rights vest with the Company.”

WHAT IT ACTUALLY MEANS

You wrote it. You produced it. You played on it. **They own it. Forever.** No royalties. No credit required. You may not even be allowed to mention you worked on it.

WHAT IT COSTS YOU

Everything that song or beat ever earns. If it blows up, you're not on the back end. If it gets synced into a Netflix show, you don't see a dime.

WHAT TO DO INSTEAD

Negotiate a license instead of an assignment. At minimum, get clear royalty splits in writing. If they insist on work-for-hire, the fee should reflect that you're selling the asset forever.

02 “In Perpetuity”

WHAT IT LOOKS LIKE

“Artist hereby grants Company the rights to exploit the Master Recording in perpetuity throughout the universe.”

WHAT IT ACTUALLY MEANS

Forever. No expiration. No reversion. No “let's revisit this in five years.” Forever. (And yes — “throughout the universe” is real contract language. Not a joke.)

WHAT IT COSTS YOU

Every song you give away in perpetuity is a song you can never reclaim — no matter how big it gets or how badly you regret the deal.

WHAT TO DO INSTEAD

Push for a defined term — 5, 7, 10 years — with reversion to you if the company isn't actively exploiting the work. A company that won't agree to a term is telling you they want forever-rights for a one-time payment.

03 Publishing Assignment vs. Administration

WHAT IT LOOKS LIKE

“Songwriter hereby assigns one hundred percent (100%) of the publishing rights to Publisher.”

WHAT IT ACTUALLY MEANS

You're not partnering. You're selling. There's a massive difference between a publisher who *administers* your catalog (collects royalties on your behalf for a fee, usually 10–20%) and one who *owns* it.

WHAT IT COSTS YOU

If they own your publishing, every penny that song earns for the rest of your life is theirs to split with you — usually 50/50 at best. And it doesn't end when you die.

WHAT TO DO INSTEAD

Always ask: “Is this an assignment deal or an administration deal?” Push for administration when you can. If it has to be an assignment, treat it like selling your house — and price it accordingly.

04 Cross-Collateralization

WHAT IT LOOKS LIKE

“Advances and expenses shall be recouped against earnings from all Albums delivered hereunder.”

WHAT IT ACTUALLY MEANS

The label recoups debts from one album against the earnings of every other album you make for them. Your hit pays off your flops before you see a dollar.

WHAT IT COSTS YOU

Artists with one big record and three quiet ones spend years “in the red” with a label even though they've made the company millions. This is one of the most common traps in major-label deals.

WHAT TO DO INSTEAD

Push for album-by-album recoupment. Each project stands on its own. Wins stay wins.

05 Net vs. Gross on Points

WHAT IT LOOKS LIKE

“Producer shall receive five percent (5%) of net receipts.”

WHAT IT ACTUALLY MEANS

5 points off net. But net of *what*? After distribution fees? Marketing costs? “Reasonable expenses”? Office snacks?

WHAT IT COSTS YOU

5 points off gross might be $50,000 on a project. 5 points off net could be $5,000. Or $0, if the accounting gets creative. (It usually does.)

WHAT TO DO INSTEAD

Negotiate off gross when you can. If you have to take net, define every deduction in writing. No “reasonable expenses.” Specifics only.

06 No Audit Rights

WHAT IT LOOKS LIKE

“[The absence of a clause. That's how this one hides — it's not what's there, it's what's missing.]”

WHAT IT ACTUALLY MEANS

You can't check the books. You can't verify they're paying you correctly. If they're skimming, miscounting, or just sloppy, you have no legal way to catch it.

WHAT IT COSTS YOU

Royalty underpayment is one of the most common forms of theft in this business. Without audit rights, you can't even prove it's happening.

WHAT TO DO INSTEAD

Every contract should include the right to audit, at your own expense, with reasonable notice. If they refuse to include this — that's the entire answer you need.

07 No Reversion Clause

WHAT IT LOOKS LIKE

> *“[Again, absence. They don't volunteer that masters or publishing come back to you, because they're not planning to give them back.]”*

WHAT IT ACTUALLY MEANS

Even when a song or master isn't earning anymore, the company keeps it forever. Even when they're not promoting it. Even when nobody at the label remembers it exists.

WHAT IT COSTS YOU

Songs and masters you will never own. Catalog you can never reclaim. Money you'll never see.

WHAT TO DO INSTEAD

Negotiate reversion triggers. If the company hasn't earned $X on the work in Y years, rights revert to you. Or a flat reversion after 10, 15, 20 years. The exact number is negotiable. The principle isn't.

Three Rules to Take With You

1. If you don't understand a clause, you can't sign it. Ask. Google. Hire help.

2. The first draft of any music contract is written for the other side. Always. That's the job of the person who wrote it.

3. The cheapest music attorney is cheaper than the most expensive bad deal. Every time.

Want the full breakdown?

Contracts, publishing, royalties, sync, work-for-hire, splits — the whole thing. Built for songwriters, producers, artists, and managers who are done learning the hard way.

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