



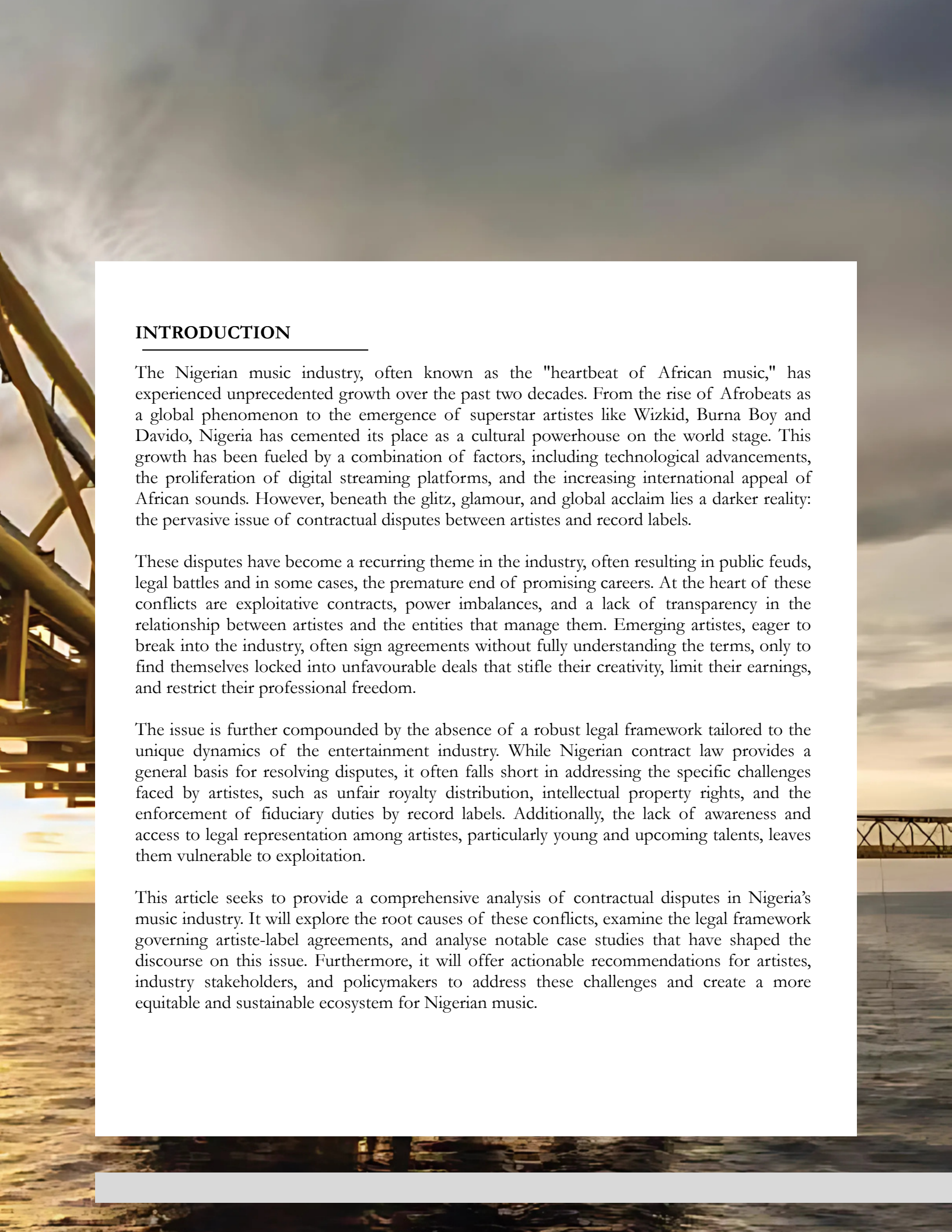
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CONTRACTUAL DISPUTES IN NIGERIA'S MUSIC INDUSTRY



INSIDE TOLG ADVISORS



INTRODUCTION

The Nigerian music industry, often known as the "heartbeat of African music," has experienced unprecedented growth over the past two decades. From the rise of Afrobeats as a global phenomenon to the emergence of superstar artistes like Wizkid, Burna Boy and Davido, Nigeria has cemented its place as a cultural powerhouse on the world stage. This growth has been fueled by a combination of factors, including technological advancements, the proliferation of digital streaming platforms, and the increasing international appeal of African sounds. However, beneath the glitz, glamour, and global acclaim lies a darker reality: the pervasive issue of contractual disputes between artistes and record labels.

These disputes have become a recurring theme in the industry, often resulting in public feuds, legal battles and in some cases, the premature end of promising careers. At the heart of these conflicts are exploitative contracts, power imbalances, and a lack of transparency in the relationship between artistes and the entities that manage them. Emerging artistes, eager to break into the industry, often sign agreements without fully understanding the terms, only to find themselves locked into unfavourable deals that stifle their creativity, limit their earnings, and restrict their professional freedom.

The issue is further compounded by the absence of a robust legal framework tailored to the unique dynamics of the entertainment industry. While Nigerian contract law provides a general basis for resolving disputes, it often falls short in addressing the specific challenges faced by artistes, such as unfair royalty distribution, intellectual property rights, and the enforcement of fiduciary duties by record labels. Additionally, the lack of awareness and access to legal representation among artistes, particularly young and upcoming talents, leaves them vulnerable to exploitation.

This article seeks to provide a comprehensive analysis of contractual disputes in Nigeria's music industry. It will explore the root causes of these conflicts, examine the legal framework governing artiste-label agreements, and analyse notable case studies that have shaped the discourse on this issue. Furthermore, it will offer actionable recommendations for artistes, industry stakeholders, and policymakers to address these challenges and create a more equitable and sustainable ecosystem for Nigerian music.

DEFINITION OF A MUSIC CONTRACT

A music contract or agreement is a legally binding document that outlines the terms and conditions governing the relationship between parties involved in the creation, production, distribution, and monetization of music. In the context of the music industry, these agreements serve as the foundation for professional relationships, ensuring that the rights, responsibilities, and expectations of all parties are clearly defined and enforceable under the law.

At its core, a music contract is a manifestation of mutual consent, where two or more parties (e.g., an artiste and a record label, a songwriter and a publisher, or a producer and a performer) agree to specific terms in exchange for certain benefits. These terms typically cover a wide range of issues, including but not limited to intellectual property rights, financial compensation, duration of the agreement, and the scope of services or deliverables.

KEY ELEMENT OF A MUSIC CONTRACT

1. **Parties involved:** The contract identifies the parties entering into the agreement.
2. **Scope of the agreement:** This defines the purpose and boundaries of the contract
3. **Financial Terms:** This is one of the most critical components of a music contract. It outlines how revenue generated from the music will be shared among the parties. Key financial terms include; Royalties, Advances, Revenue sharing, and so on
4. **Duration and termination:** The contract specifies the length of the agreement and the conditions under which it can be terminated.
5. **Intellectual property right:** Music contracts address the ownership and usage of intellectual property such as copyright, licensing and moral rights.
6. **Confidentiality and Non-Disclosure:** Many music contracts include clauses that prevent parties from disclosing sensitive information, such as financial details or unreleased projects
7. **Dispute resolution:** This section outlines the process for resolving conflicts, whether through negotiation, mediation, arbitration, or litigation.

KEY CONTRACTS IN THE MUSIC INDUSTRY

1.RECORDING CONTRACT: A recording contract refers to the agreement which governs the relationship between a record label and an artiste. It enables a record label to commercially exploit an artiste's sound recording in return for the payment. Recording contracts often include clauses related to royalty payments or rate, advances, and exclusivity relating to the ownership of the master recording, option to purchase, non-compete, marketing and promotion obligations, which can significantly impact the artiste's career and earnings.

2.PUBLISHING CONTRACT: A publishing contract is an agreement between a songwriter or composer and a music publisher. The publisher's role is to manage the rights to the musical compositions, ensuring that the songwriter earns royalties whenever their work is used. This includes mechanical royalties from sales and streaming, performance royalties from radio play and live performances, and synchronization royalties from the use of music in films, TV shows, and advertisements. Publishing contracts often involve the transfer of partial or full copyright ownership to the publisher in exchange for their services.

3.MANAGEMENT CONTRACT: A management contract is an agreement between an artiste and a manager, who acts as the artiste's representative in business and career matters. The manager's responsibilities typically include securing deals, organizing tours, managing public relations, and overseeing the artiste's overall career strategy. Management contracts are essential for artistes who need professional guidance to navigate the complexities of the music industry.

4.DISTRIBUTION CONTRACT: A distribution contract is an agreement between an artiste (or record label) and a distributor, who ensures that the music reaches the intended audience, such as streaming platforms and digital stores. The distributor handles the logistics of getting the music to the public, often in exchange for a percentage of the revenue generated. Distribution contracts are particularly important for independent artistes who lack the resources to distribute their music on a large scale.

5.LICENSING CONTRACT: A licensing contract grants permission to use a musical composition or recording in specific contexts, such as films, TV shows, advertisements, or video games. These agreements are essential for generating additional income from music, as they allow artistes to monetize their work beyond traditional sales and streaming. Licensing contracts typically specify the scope of use, the duration of the license, and the fees or royalties to be paid to the artiste or rights holder.

6.PRODUCER CONTRACT: A producer agreement is a contract between an artiste and a music producer, outlining the terms for creating and recording music. The producer's role is to oversee the technical and creative aspects of the recording process, ensuring that the final product meets the desired quality and vision. In exchange, the producer may receive a flat fee, a percentage of royalties, or both. Producer agreements are essential for artistes who rely on the expertise of producers to bring their music to life.

7.COLLABORATION CONTRACT: A collaboration agreement is a contract between two or more artistes (or other stakeholders) working together on a project, such as a song or album. These agreements outline the terms of the collaboration, including revenue sharing, credit, and ownership of the final product. Collaboration agreements are essential for ensuring that all parties are fairly compensated and recognized for their contributions.

8.ENDORSEMENT CONTRACT: An endorsement contract is an agreement between an artiste and a brand, where the artiste promotes the brand's products or services in exchange for payment or other benefits. These contracts are common in the music industry, as brands seek to leverage the popularity and influence of artistes to reach their target audience. Endorsement contracts typically specify the scope of the promotion, the artiste's compensation, and any exclusivity clauses.

ELEMENTARY THINGS MUSIC ARTISTES SHOULD KNOW OR LOOK OUT FOR WHEN REACHING OR NEGOTIATING A RECORD DEAL

Negotiating a record contract is one of the most critical steps in an artiste's career. A well-negotiated contract can set the foundation for long-term success, while a poorly negotiated one can lead to exploitation, financial losses, and creative restrictions. Below are key elements artistes should consider when reviewing and negotiating record contracts;

1.Understand the Terms and Conditions of the Contract: Before signing any contract, artistes must thoroughly understand every clause and provision. Record contracts are often lengthy and filled with legal jargon, making it easy for artistes to overlook critical details. Key terms to pay attention to include the duration of the contract, the number of albums or songs required, royalty rates, and ownership of master recordings. Artistes should seek clarification on any ambiguous language and ensure that the terms align with their career goals and expectations.

It is also essential to understand the implications of exclusivity clauses, which may restrict the artiste from working with other labels or releasing independent projects. Artistes should negotiate terms that allow them some degree of creative and professional freedom.

2.Royalty Rates and Payment Structure: Royalties are a significant source of income for artistes, and the terms governing royalty payments should be carefully negotiated. Artistes should know the percentage of royalties they will receive from sales, streaming, licensing, and other revenue streams. It is also important to understand how royalties are calculated, as some contracts may deduct costs such as production, marketing, and distribution before paying the artiste.

Artistes should negotiate for fair royalty rates and ensure that the payment structure is transparent. They should also inquire about advances, which are upfront payments provided by the label to cover recording costs. While advances can be helpful, they are typically recouped from the artiste's future earnings, so artistes should ensure that the advance amount and recoupment terms are reasonable. Additionally, artistes should request regular royalty statements to track their earnings and verify that they are being paid correctly.

3.Ownership of Master Recording: Master recordings are the original recordings of an artiste's music, and ownership of these recordings is a contentious issue in record contracts. Many labels demand full ownership of masters, which means they control how the recordings are used and monetized. While this arrangement can provide artistes with upfront support, it often limits their long-term earnings and creative control.

Artistes should negotiate for partial or full ownership of their master recordings, or at least ensure that they retain some rights, such as the ability to license their music for films, TV shows, or advertisements. If the label retains ownership, artistes should seek favorable terms for reclaiming their masters after a certain period or under specific conditions. Ownership of masters is crucial for artistes who want to maintain control over their work and maximize their earnings in the long run.

4.Duration and Termination Clauses: The duration of a record contract is another critical factor to consider. Many contracts are structured as multi-album deals, requiring the artiste to deliver a specific number of albums over several years. While this can provide stability, it can also limit the artiste's ability to explore other opportunities or renegotiate terms as their career progresses.

Artistes should negotiate for a reasonable contract duration and include clauses that allow for renegotiation or termination under certain conditions. Termination clauses should also be clear and fair, outlining the conditions under which the contract can be ended by either party. This ensures that the artiste is not locked into an unfavourable agreement indefinitely.

5.Creative Control and Artistic Freedom: Creative control is a major concern for many artistes, as record labels often seek to influence the artistic direction of their music. While labels may have valuable insights and resources, excessive interference can stifle the artiste's creativity and authenticity. Artistes should negotiate for terms that allow them to retain a significant degree of creative control over their music, including the choice of producers, songwriters, and collaborators.

Artistes should also ensure that the contract includes provisions for approving key decisions, such as album artwork, marketing strategies, and release schedules. This ensures that the artiste's vision is respected and that they have a say in how their music is presented to the public.

6.Marketing and Promotion Commitments: A record label's ability to effectively market and promote an artiste's music is one of the primary reasons artistes sign with labels. However, not all labels fulfil their promotional commitments, leaving artistes to struggle for visibility. Artistes should ensure that the contract includes specific terms regarding the label's marketing and promotion efforts, such as budget allocations, timelines, and performance metrics.

Artistes should also request regular updates on promotional activities and the results achieved. This allows them to assess the label's performance and hold them accountable if they fail to meet their obligations.

7. Dispute Resolution Mechanism: Disputes are common in the music industry, and artistes should ensure that the contract includes clear mechanisms for resolving conflicts. This may include negotiation, mediation, arbitration, or litigation. Artistes should prefer dispute resolution methods that are cost-effective, timely, and less adversarial, such as mediation or arbitration.

The contract should also specify the jurisdiction and governing law in case of legal disputes. For Nigerian artistes, it is important to ensure that the contract is governed by Nigerian law or a jurisdiction that is accessible and fair. Clear dispute resolution mechanisms can help artistes address issues promptly and avoid prolonged legal battles that can damage their careers.

COMMON CONTRACTUAL DISPUTES IN NIGERIA'S MUSIC INDUSTRY

Contractual disputes in Nigeria's music industry are not just legal issues; they are systemic problems that reflect the broader challenges of an industry still grappling with professionalism, accountability, and fair practices. These conflicts highlight the need for better education, legal representation, and industry-wide reforms. This section provides an extensive list of common contractual disputes in Nigeria's music industry;

1. Record Label vs. Artiste Disputes: Record label vs. artiste disputes is a recurring issue in Nigeria's music industry, often stemming from exploitative contracts, lack of transparency, and conflicting interests. Many emerging artistes, eager to break into the industry, sign agreements without fully understanding the terms, leading to unfavorable conditions such as restrictive exclusivity clauses. These one-sided agreements often leave artistes feeling trapped and exploited, sparking legal battles and public feuds.

2. Royalties and Revenue Sharing Disputes: Financial transparency is another major point of contention. Royalties are a major source of income for musicians, but disputes often arise over how they are calculated and paid. Artistes frequently allege that record labels fail to provide detailed financial records, making it difficult to verify royalty payments or track earnings. This lack of transparency erodes trust between artistes and labels, leading to disputes over unpaid royalties and mismanagement of funds. Without clear and regular financial statements, artistes are left in the dark about their earnings, further exacerbating the conflict.

3. Song Ownership and Copyright Disputes: Ownership of master recordings is a contentious issue in the Nigerian music industry. Many record labels demand full ownership of masters as part of their contracts, giving them control over how the recordings are used and monetized. While this arrangement provides labels with a steady revenue stream, it often leaves artistes with little to no control over their own work. Disputes arise when artistes seek to reclaim their masters or license their music for other projects, only to find that the label holds exclusive rights.

4. Breach of Contract: Breach of contract occurs when one party fails to fulfill their obligations as outlined in the agreement. In the Nigerian music industry, this often involves record labels failing to provide promised resources, such as funding for music production, marketing, or tours. Artistes may also breach contracts by failing to deliver the required number of albums or songs within the agreed timeframe. To avoid such conflicts, both parties must ensure that the contract clearly outlines their responsibilities and includes provisions for addressing breaches, such as mediation or arbitration.

5. Termination and Exit Disputes: Termination and exit disputes arise when artistes seek to end their contracts prematurely, often due to dissatisfaction with the label's performance or exploitative terms. Labels may resist termination, citing contractual obligations or demanding hefty penalties.

Artistes should ensure that their contracts include clear termination clauses, outlining the conditions under which the agreement can be ended and the penalties, if any, for early termination.

6.Sponsorship and Endorsement Disputes: Endorsement disputes occur when artistes and brands clash over the terms of endorsement deals. These conflicts may involve disagreements over payment, exclusivity clauses, or the scope of promotional activities. It also occurs when artistes fail to meet contractual obligations, such as attending promotional events, posting on social media, or using the sponsor's product in public. In some cases, brands terminate contracts and demand refunds, leading to legal conflicts. Artistes need to ensure that endorsement contracts clearly outline the terms of the agreement and include provisions for addressing disputes.

7.Management Disputes: Management disputes arise when artistes and their managers clash over the direction of the artiste's career or the manager's performance. These conflicts may involve disagreements over commission, rates, decision-making authority, or the manager's handling of the artiste's finances. To prevent such disputes, artistes must ensure that management contracts clearly outline the manager's responsibilities and include provisions for addressing conflicts.

8.Unauthorized use of Intellectual Property: This often arise over the unauthorized sampling, reproduction, or distribution of an artiste's work. This type of dispute typically arises when one party uses another's music, lyrics, or recordings without proper permission or licensing. To prevent such conflicts, artistes must ensure that all agreements clearly outline the terms of use for their intellectual property and that proper licensing procedures are followed.

CONCLUSION

Contractual disputes in Nigeria's music industry are a reflection of the growing pains of an industry that has rapidly evolved into a global powerhouse. The prevalence of these disputes highlights the urgent need for better education and awareness among artistes, particularly emerging talents who are most vulnerable to exploitation.

Industry stakeholders, including record labels, managers, and distributors, have a responsibility to foster a culture of fairness and accountability. This includes adopting standardized contracts, providing transparent financial records, and honouring commitments made to artistes. Labels must recognise that their success is tied to the success of their artistes.

Government and regulatory bodies also have a role to play in addressing these challenges. The establishment of a robust legal framework tailored to the unique dynamics of the entertainment industry is essential. This could include the creation of a regulatory body to oversee artiste-label relationships, enforce compliance with fair practices, and mediate disputes.

Finally, the government can support initiatives that provide legal aid and resources to artistes, ensuring that even the most vulnerable have access to justice and representation. By prioritizing and addressing the root causes of these conflicts through education, legal reform, and a commitment to fairness, the industry can create an environment where artistes thrive, creativity flourishes, and Nigeria's music continues to shine on the global stage.

This Article was written by the Company Secretarial Services, Regulatory Compliance & Consulting and Entertainment & Sports Teams at TOLG Advisors.

TOLG CELEBRATES 46TH YEAR ANNIVERSARY

On January 12, 2025, TOLG Advisors proudly marked 46 years of excellence in delivering bespoke legal services and shaping the global legal landscape. To commemorate this remarkable milestone, the firm organized a special celebration to honor the dedication and the continued success of its staff, stakeholders and clients. The day was filled with excitement as employees enjoyed a delightful lunch, engaging games, and moments of reflection on the firm's journey and achievements. This event not only recognized the firm's rich history but also reinforced its commitment to excellence, innovation, and the continued success of its people and clients.



VALENTINE DAY'S CELEBRATION

To celebrate Valentine's Day, TOLG Advisors organized a special potluck and movie evening for its staff on Thursday, February 13, 2025. The event fostered a warm and festive atmosphere as team members shared meals and drinks, enjoyed great company, and relaxed with a carefully selected film. This gathering not only strengthened workplace bonds but also reflected the firm's commitment to fostering a positive and inclusive work culture.





INTERNATIONAL WOMEN'S DAY CELEBRATION

In celebration of International Women's Day, TOLG Advisors treated its staff to a special lunch, recognizing and appreciating the contributions of women within the firm and beyond.

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