

**MBU 4630: Legal Issues in the Music Industry**  
**Professor David Moser; Spring 2006**  
**Exam #1**

**Instructions:** This is a take-home exam which you are to complete outside of class. Material covered includes all topics covered in class and all assigned reading materials including online materials from assignments, etc. You are free to use any class materials (i.e., notes, assigned reading materials, etc.) and spend as much time working on the exam as you like. However, you are to work on this exam on your own with no help from anyone else. Please remember that all of your work is subject to the Belmont Honor Code. Please print your name **legibly** and mark all of your answers **clearly** on the Scantron answer sheet provided in class. Please **do not erase answer choices on the Scantron** since this can result in the machine misreading your answer. Mark your answers first on the question sheets and transfer your final answer choices to the Scantron only when you are sure of your choices. **Your grade, as determined by the Scantron machine based on the answer choices you have marked is final.** If you need to change an answer marked on your Scantron, use a new Scantron sheet (you can come get one from me **prior** to the class in which the exam is due). Failure to follow the instructions for this exam will result in a 2 point deduction. Each question is worth 2 points (out of 100) and this exam is worth 25% of your course grade. I do not recommend obsessing over any questions you are unsure of since second-guessing seems to result in incorrect choices more often than not. Good luck!

**Due Date: Tuesday, February 28, 2006** at the beginning of class (any exams turned in after the beginning of class will result in a 10 point grade deduction for each day late).

1. Which of the following states limits the duration of a contract between a record company and a 16 year old artist?
  - a. New York
  - b. Idaho
  - c. Tennessee
  - d. Florida
  - e. Both a & d

**Answer: e**

2. The Beatles agree to let iTunes sell all of their recordings as 99 cents downloads for one year in return for an advance payment of \$100 million. iTunes starts selling the Beatles recordings, but quickly realizes it greatly overestimated demand and will be lucky to make \$10 million selling Beatles downloads. Consequently, iTunes pays the Beatles \$20 million rather than \$100 million. What will be the result if the Beatles sue iTunes?
  - a. The court will order iTunes to pay the Beatles \$80 million.
  - b. The court will order iTunes to stop selling Beatles downloads and allow the Beatles to keep the \$20 million already paid.
  - c. The court will estimate the value of Beatles downloads for 1 year and order iTunes to pay the Beatles the estimated amount.
  - d. The court will order the parties to work it out themselves and advise them that “all you need is love.”

**Answer: a**

3. A guitar player named Tom McGraw is a member of the AFM and makes his living doing session work in Nashville. While visiting his family in his hometown of Poughkeepsie, New York, Tom runs into an old high school acquaintance, Mike Bloomberg, who is the city mayor. Although he got into politics after high school, Mike has always dreamed of being a country artist and he tells Tom that he has a local recording studio booked the next day to record a demo. Knowing that Tom's a hotshot Nashville guitar player, Mike asks him if he'd consider playing on his demo session. Mike tells Tom he knows Tom probably makes a lot more money playing on sessions for artists like Shawnia Twine, but he can't afford to pay much. However, he does offer to pay Tom the same amount that he's agreed to pay the other musicians - \$5 an hour + pizza. Tom doesn't need the money, but agrees to play on the session anyway since Mike's an OK guy even though he's a bit goofy and has a problem mispronouncing people's names. Which of the following is true?

- a. Tom cannot play on Mike's session
- b. Tom can play on Mike's session as long as he reports it to the AFM
- c. Tom can play on Mike's session as long as he is not a featured artist
- d. Tom can play on Mike's session as long as the demo is not released by a major record label

**Answer: a**

4. According to information presented **in class**, entertainment attorneys hourly fees generally range between:

- a. \$25 - \$50
- b. \$75 - \$150
- c. \$150-\$300
- d. \$300 - \$500

**Answer: c**

5. Which of the following are services that many entertainment lawyers do not perform for their clients?

- a. Litigation
- b. Contract negotiation
- c. Copyright and trademark advice
- d. All of the above

**Answer: a**

6. ABC Records is interested in signing Brad Parsley, a recent Belmont music business graduate, to a recording agreement. If ABC presents Parsley with a deal memo, which of the following is true?

- a. A contract is formed upon Parsley's receipt of the deal memo.
- b. A contract is formed if Brad sends ABC a written response stating: "I accept the terms contained in the deal memo, provided that the recording fund for the first album will be \$225,000 rather than the \$200,000"

specified in the deal memo.

c. A contract is formed if ABC, after receiving Brad's response specified in answer choice (b) above, writes back to Brad stating "we accept, but cannot increase the recording fund to \$225,000.

d. A contract is formed if ABC, after receiving Brad's response specified in answer choice (b) above, writes back to Brad stating "we accept and agree that the recording fund will be \$225,000.

**Answer: d**

**Explanation:** In order to have a contract, one party must make an offer which is accepted by another party. You can only accept an offer by agreeing to all of the terms proposed in the offer. In choice (b), Brad is making a counteroffer by asking for an increase in the recording fund offered by ABC. It is then up to ABC to accept or reject this offer. In choice ©, ABC rejects Brad's counteroffer. In choice (d), ABC accepts Brad's counteroffer. In contract negotiations there are often at least several rounds of negotiations with each party making counteroffers to the other party's offers.

7. State statutes that provide rules that apply to entertainment industry contracts with minors are intended to protect minors from:

a. People and companies they enter into contracts with (e.g., record companies, managers, etc.)

b. Their parents

c. Themselves

d. All of the above

**Answer: d**

8. A contract is a legally enforceable agreement between two or more persons involving mutual promises to do something.

a. True

b. False

**Answer: a**

9. Under Tennessee law, what is the minimum amount of a minor's earnings as an entertainer that must be held in trust for the minor until he/she turns 18 years old?

a. 10%

b. 15%

c. 25%

d. 50%

e. There is no minimum

**Answer: b**

10. In most situations, an oral or "handshake" agreement (contract) is legally valid as long as it contains the essential terms (e.g., the parties, the subject matter, etc.) any contract must contain to be legally enforceable.

- a. True
- b. False

**Answer: a**

11. For attorneys working in the entertainment industry, conflicts of interest rarely arise.

- a. True
- b. False

**Answer: b**

12. Which of the following are reasons that an artist signed to a production company rather than direct to a record company will normally make less money?

- a. The production company will receive a greater income or royalty share than a producer will normally receive
- b. Expenses of the production company as well as the record company will be recoupable from the artist's royalty
- c. Both a & b
- d. None of the above

**Answer: c**

13. If an attorney charges a flat fee for legal work, which of the following is an advantage to the client?

- a. The fee will be cheaper than if the attorney charges an hourly fee.
- b. The fee will be cheaper than if the attorney receives a contingent fee.
- c. The attorney will be likely to work harder than if he/she receives a contingent fee.
- d. There is no doubt how much the attorney's services will cost.

**Answer: d**

14. If an attorney gives legal advice to someone without charging anything for the advice (such as friends, poor musicians & students), the person to whom the advice was given is not considered to be a client and the attorney is not subject to any ethical rules or fiduciary relationship.

- a. True
- b. False

**Answer: b**

15. The field of "entertainment law" involves the application of various areas of law to the various entertainment industries rather than any single area of law.

- a. True

b. False

**Answer: a**

16. Why do contracts play such an important role in the entertainment industry?

- a. They are proscribed by law and you risk fines and imprisonment for violating them.
- b. They help to define the structure of major relationships between different members of the entertainment industry.
- c. The entertainment industry is run by lawyers.
- d. Without them, no one could ever trust anyone else to keep their word.

**Answer: b**

17. Under a contract between a producer and a major record label, the producer's compensation will usually include which of the following?

- a. A royalty
- b. An advance
- c. A salary
- d. A royalty & an advance

**Answer: d**

18. Due to the falloff in CD sales over the past several years and resulting cutbacks at record labels, publishers, etc., a Nashville entertainment law firm (Mort Durham & Associates) has been hurting and is in dire need of new clients. Mort decides to run some television ads in the hope of recruiting unsigned artists and songwriters. The script for the TV ad reads as follows:

“Howdy ya’ll, my name is Mort Durham and I’m an entertainment lawyer. Are you an artist or songwriter whose tired of rejection? If so, I can help you. I’ve helped more artists obtain record deals than any other lawyer in Nashville and songwriters that use me to negotiate their publishing contract earn an average of \$50,000 more a year than the majority of songwriters in Nashville.”

The ad also contains a part where an actor portrays a client of Mort’s and says: “Mort Durham got me a record deal 3 days after I got off the bus in Nashville from my hometown of Podunk. Not only that, but Mort negotiated my record deal so that the record company had to pay to have my teeth fixed and bought me 3 new pairs of Levi overalls. If you want a record deal, call Mort Durham at 1-800-GET-ADEAL!”

In order for Mort’s TV ad to comply with relevant ethical obligations, which of the following is true?

- a. All of the claims and statements made in the ad must be true.
- b. The ad must contain a disclaimer stating that Mort’s client is played by an actor.
- c. The add must be approved by the Tennessee Bar Association prior to airing.
- d. Both a & c
- e. a, b & c

**Answer: e**

19. One of the reasons leading to the evolution of production company deals was that some independent producers began performing the A&R role which had previously been performed by record labels.

- a. True
- b. False

**Answer: a**

20. The “term” of a recording contract refers to the length of time an artist is obligated to record (usually exclusively) for a particular record label.

- a. True
- b. False

**Answer: a**

21. If an entertainment attorney agrees to represent an artist on a contingent fee basis (i.e., for a percentage of income the artist earns under a record deal if one is obtained), the percentage charged by the attorney will most commonly be:

- a. 1-3%
- b. 5-10%
- c. 15-20%
- d. 25-40%

**Answer: b**

22. The California “Seven Year Statute” means that:

- a. Any record contract which is for a term of more than 7 years is invalid and the artist is not bound by the contract’s terms and obligations
- b. A record company cannot force an artist to remain under a recording contract for more than seven years
- c. Record contracts must last for at least 7 years
- d. Record contracts can only last for more than 7 years if the label pays the artist advances of at least \$9000 a year

**Answer: b**

23. When one party to a contract fails to comply with his/her contractual obligations such as when a record company fails to pay royalties owed to an artist under a recording contract, the non-performing party has committed a/an:

- a. Infringement of contract
- b. Termination of contract

- c. Breach of contract
- d. Crime of non-performance

**Answer: c**

24. After years of struggling to develop an entertainment law practice, your law firm (which has so far consisted of you, a part time secretary & Belmont interns when you can get them) is starting to grow. Since your law practice is now a bit more than you can handle yourself while also doing all the networking necessary to pick up new clients, you hire a young attorney fresh out of law school named Perry Masen. Since Perry has no experience, you're afraid to let him do much actual legal work at this point. However, since Perry is young and hip, you figure he should be able to help you continue to expand your client base. You take Perry with you to some artist showcases in town, some of which you receive an invitation for and others which you find out about from flyers posted on light poles around Music Row. You also instruct Perry to start hanging out at local clubs where new artists play. Additionally, you allow Perry to actually do some legal work for a few of your least important clients (i.e., ones who rarely pay their bills on time). Since you're very busy working on matters for the rest of your clients, you just give Perry some basic instructions and let him loose figuring that it'll be a great learning experience for him and he can't screw things up too much since you're not letting him work on any big deals. If Perry attends an artist showcase and gives the artist his business card, telling the artist to feel free to call him if he/she ever needs any legal representation, which of the following is most likely true?

- a. Perry has violated an ethical duty under state bar association rules
- b. Perry has violated a law that says that attorneys cannot solicit clients
- c. Perry has a conflict of interest since he works for a law firm and he cannot have his own clients
- d. Perry has not violated any ethical rules or laws

**Answer: d**

**Explanation:** Although there is an ethical rule that prohibits attorneys from soliciting clients, merely handing out a business card and telling someone to feel free to contact you if they need legal representation is not likely to be deemed solicitation.

25. Under a contract between a producer and a record label, which of the following parties will usually own the copyright in the recordings produced?

- a. The producer
- b. The artist
- c. The record label
- d. Both a & b
- e. Both a & c

**Answer: c**

26. If a conflict of interest exists with respect to an attorney's representation of a client, this means that the attorney must always refrain from representing the client.

- a. True

b. False

**Answer: b**

27. Most recording contracts between a major record label and a new artist will be for:

- a. 1-2 albums
- b. 2-4 albums
- c. 1 album with options for 6 additional albums
- d. 2 albums with options for 5-10 additional albums

**Answer: c**

28. The main source of new clients for an entertainment attorney is most likely to be:

- a. Referrals from other clients
- b. The Yellow Pages
- c. Walk-ins
- d. Advertisements in industry publications such as Billboard

**Answer: a**

29. A highly successful producer would be most likely to receive a royalty of which of the following amounts?

- a. 3% of the suggested retail list price
- b. 4% to 5% of the suggested retail list price
- c. 3% of the wholesale price
- d. \$3000 per song produced

**Answer: b**

30. Production companies often perform which of the following functions?

- a. Finding artists to record
- b. Helping artists select songs to record
- c. Helping to develop artists' images
- d. All of the above

**Answer: d**

31. A band signed to a major record label is about to begin a nationwide tour to promote its new album. A company contacts the band's manager and proposes entering into a contract under which the company will record the band's concerts and burn CDs to sell to fans immediately after the concert. The company will pay the band 50% of the CD price. The band, believing that this is an easy way to make some extra money, enters into a contract with the company. Which of the following is most likely true?

- a. The band is in breach of their recording contract's exclusivity provision since they are authorizing someone other than their record label to make and sell recordings of their performances.  
The band is in breach of their recording contract's recording commitment provision  
The band is not in breach of their recording contract since the recording contract only applies to recordings made in a studio.  
The band is not in breach of their recording contract since the recording contract only applies to recordings paid for by the record label.

**Answer: a**

**Explanation:** The vast majority of recording contracts (& virtually all major label recording contracts) contain an exclusivity provision which provides that the artist's recording services belong exclusively to the label during the term of the contract. By recording for another company without the record label's permission, the band would be in breach of the exclusivity provision. A deal between Universal Music Group (UMG) and Instant Live (a company similar to that described in this question) was recently announced under which UMG granted permission for Instant Live to record concert performances by UMG artists (subject to the artist's agreement). Income from CD sales is to be split between UMG, Instant Live, the artist, the concert venue.

32. An entertainment attorney has an ethical duty to keep all information disclosed by a client in the course of legal representation confidential.

- a. True
- b. False

**Answer: b**

**Explanation:** Whether information disclosed in the course of an attorney-client relationship is confidential depends on what the information is and whether the client intends for it to be confidential. For example, information that is publicly available is not confidential.

33. Most major record labels base the term of their recording agreements with artists on:

- a. A specific number of years
- b. An initial period of one year with two option periods
- c. An initial period and additional option periods all based upon delivery and acceptance of albums to the label
- d. The number of masters recorded

**Answer: c**

34. Ashlee owns a copyrighted song which she orally agrees to transfer to Jessica in return for Jessica's promise to record the song for her next album. Several witnesses are present when Ashlee makes the oral agreement. The oral agreement is a valid contract since there are witnesses that can prove its existence.

- a. True
- b. False

**Answer: b**

35. A producer hired by a major record label to produce 10 masters to be included on an artist's album would usually receive a total advance of at least \$30,000.

- a. True
- b. False

**Answer: a**

**Explanation:** Major labels typically pay producers an advance of at least \$3000 per master. Ten masters times \$3000 is \$30,000. Some producers get more than \$3000 per master and obviously, if a producer produces more than 10 masters, the producer will receive a greater overall advance.

36. Which of the following has the legal capacity to enter into a contract?

- a. A corporation
- b. A 16 year old genius
- c. An unemployed 35 year old musician whose highest paying job was as a McDonalds cashier.
- d. Both a & c

**Answer: d**

37. Which of the following are advantages to written contracts as opposed to oral contracts?

- a. Putting the contract's terms in writing forces the parties to think and be precise obligations they are making.
- b. Some types of contracts must be in writing to be enforced.
- c. If you have to sue to enforce your rights under a contract, a written contract will usually make it easier for the court to resolve the dispute.
- d. Both a & b
- e. a, b & c

**Answer: e**

**Instructions for Questions 38-50:** Base your answers to questions 38-50 on the "Analysis of a Recording Contract" article at <http://www.starpolish.com/advice/article.asp?id=113> (which I'm sure you have already read since its assigned on the syllabus). In answering these questions, assume that "you" are the artist signed to this contract.

38. If the label chooses not to release an album you record within 3 months after you deliver it to the label, which of the following is true?

- a. You can immediately terminate the contract and try to find a new label that will release the album
- b. You can give the label written notice and they must then release the album within 60 days after you give the notice
- c. You can give the label written notice and they then have an additional 60 days to release the album. If

they don't release it within 60 days after the notice, you can terminate the contract

d. The label must pay you a penalty of \$100 a day for each day exceeding 3 months until they actually release the album

**Answer: c**

**Explanation:** See the "release commitment" provision of paragraph 12. By the way, the 3 month period in this contract is a bit unrealistic. In reality, most labels will want a considerably longer period within which to release an album since they have to fit it into their overall release schedule, develop a marketing plan, schedule it for manufacturing, print and distribute one-sheets to wholesalers and retailers to inform them of the upcoming release, release a single to radio to start creating demand, etc.

39. If you want to perform at another artist's recording sessions, which of the following is true?

- a. You cannot do so under any circumstances unless your record label approves in writing.
- b. You can't record any songs which you have recorded for your record label.
- c. Your name can't appear on the other artist's album other than in exactly the same manner as other musicians hired to perform on the album.
- d. You can record with whoever you want whenever you darn well please.
- e. b & c

**Answer: e**

**Explanation:** See the "sideman" provision of paragraph 9.

40. If the record label wants to license one of the masters recorded by you under the recording agreement for use in a television commercial for toilet paper, which of the following is true?

- a. The label cannot do so without your prior written approval
- b. The label can do so as long as it pays you a royalty at the statutory rate
- c. The label cannot do so unless you actually use the brand of toilet paper being advertised
- d. The label can do so whether you like it or not.

**Answer: a**

**Explanation:** See paragraph 11[c].

41. For the second year of the contract, the label guarantees that you will be paid at least:

- a. \$9000
- b. \$12,000
- c. \$30,000
- d. Nothing

**Answer: b**

**Explanation:** See paragraph 15. The amounts of "minimum compensation" are required by a California law and consequently only apply to contracts subject to California law. Note that advance payments and royalties count toward these minimums. Since major record labels usually advance the artist several hundred thousand dollars as a recording fund, they will be well over the minimum. However, some small

independent labels might not be able to satisfy the minimum compensation requirement.

42. If your all-in royalty rate is 13% of the retail list price for CDs and your CD has a retail list price of \$14.98, how much money will you earn if your album sells 100,000 copies? Round up your calculations to the nearest tenth of a cent.

- a. \$86,000
- b. \$101,300
- c. \$112,500
- d. Nothing

**Answer:** a

**Explanation:** The calculations are as follows (See the explanation to the royalty provisions of paragraph 16 for further explanation although with different numbers).

Step 1:  $\$15.00 \times .75$  [25% container deduction] = \$11.25

Step 2:  $\$11.25 \times .90$  [90% CD rate] = \$10.13

Step 3:  $\$10.13 \times .85$  [15% Free Goods reduction] = \$8.61

Step 4:  $\$8.61 \times .10$  [your 13% all-in royalty rate, less 3% to a producer] = \$0.86 (PENNY RATE)

Step 5: 86 cents  $\times 100,000 = \$86,000$

43. If your first album bombs (i.e., sells very poorly), can the record label decide to discontinue manufacturing it and sell off the existing copies of the album at a very low price (e.g., 50 cents per CD) to discount wholesalers and not have to pay you any royalties on these sales.

- a. No unless the label gets your written approval first
- b. Yes since the label owns the masters and can sell recordings containing those masters at any price they want.
- c. Yes as long as the label waits at least 18 months before doing so.
- d. Yes as long as they pay you your full royalty rate on the recordings they sell regardless of the price they are sold for.

**Answer:** c

**Explanation:** See the “cutout” provision of paragraph 11(a)(ii). The term “cutouts” refers to records that are deleted (or cut out) of a record label’s catalog and sold off at very low prices. Once a record is cut out, the label will no longer manufacture it.

44. Which of the following is true with respect to AFM or AFTRA union scale payments which the record label is obligated under its union agreements to pay you for your performing at recording sessions?

- a. The label only has to pay you 50% of the union scale rates since you will also be entitled to receive

record royalties based on sales of the recordings.

- b. The union scale payments are recoupable from your record royalties and any mechanical royalties you earn from sales of the recording.
- c. The label must pay you union scale and cannot recoup these payments from any royalties earned by you from record sales.
- d. The union scale payments are recoupable from your record royalties, but not from mechanical royalties.

**Answer: d**

**Explanation:** See paragraph 13(a).

45. If you write a song which is recorded on one of your albums, the mechanical royalty rate you will receive for sales in excess of 500,000 copies is:

- a. Statutory rate
- b. 75% of minimum statutory rate
- c. 87.5% of minimum statutory rate
- d. 14% of retail list price

**Answer: c**

**Explanation:** See paragraph 17(b)(3). Artists are usually paid mechanical royalties for songs they write at a “controlled composition rate” of 75% of the statutory mechanical royalty rate. However, in this agreement, the artist has negotiated an increase in the controlled composition rate to 87.5% of the statutory rate for sales in excess of 500,000.

46. After your contract with the record label is over, if you want to record songs recorded under the record contract for a new record label, which of the following is true?

- a. You are free to do so
- b. You cannot do so under any circumstances
- c. You can do so only if you pay the record label a royalty equal to the royalty they paid you under the record contract
- d. You cannot do so until 5 years after you delivered the master containing any song you want to record to the label or 2 years after the expiration of the record contract

**Answer: d**

**Explanation:** See the “re-recording restriction” provision of paragraph 19(b)(1). This provision is actually poorly worded since it doesn’t make clear which of the two time periods controls. Usually it will be the later of the two time periods.

47. According to the contract, if you believe the record label has underpaid royalties to you, you can:

- a. Give written notice that you believe you have been underpaid and the record label then has a reasonable time to pay you if they agree that you’ve been underpaid
- b. If the label doesn’t agree that you’ve been underpaid, you can sue them and the label will pay you any amount owed within 30 days of a court issuing a final judgment stating the amount owed
- c. Terminate the contract by giving written notice to the label after giving notice to the label of the

underpayment if the label doesn't pay you within a reasonable time after receiving your notice  
d. Both a & b

**Answer:** d

**Explanation:** See paragraph 22. Unless you have good reason to believe you've been seriously underpaid, it's not worth the cost of suing your record label since it can take several years and hundreds of thousands of dollars to get to the point where a court issues a final judgment. Often underpayment allegations (whether legitimate or not) are a way artists try to force record labels to renegotiate contract provisions.

48. Royalties earned by an artist for writing songs that are recorded on the artist's album are used to recoup advances paid by the record label to the artist.

- a. True
- b. False

**Answer:** b

**Explanation:** See paragraph 1(d) definition of "advances" which excludes mechanical royalties. This is a customary practice - while an artist's record royalties are used to recoup advances, mechanical royalties are generally not subject to recoupment. This is obviously a great incentive for artists to record songs they write (or to get writing credit on songs they don't write).

49. If the artist records a double album (i.e., a 2 CD set), this will count as one record.

- a. True
- b. False

**Answer:** a

**Explanation:** See paragraph 1(g)'s definition of "Album" ("or two (2) or more such Records, packaged as a single unit). . . "This also specifies that if the Artist elects to release a so called "multiple album" or "double album", it only counts as one record . . ."

50. When only one individual member of a band (i.e., the lead singer) is signed to a recording contract, the other band members will usually be paid for the recording sessions they perform on, but will not usually share in the artist's record royalties.

- a. True
- b. False

**Answer:** a

**Explanation:** See the introductory part of the Starpolish article which states "Typically, band members who are not signed as part of a group are paid a salary or retainer instead. For some musicians this is a preferable situation, since the amount of money they will make is not speculative, and they are not subject to the financial risks that royalty-bearing artists are. Keep in mind that all members that are signed will be entitled to royalties (if earned) . . ." As stated in the article, this can be a cause of ill will if the artist's recordings sell very well.

**Extra Credit (3 points):** Write your answer in the blank space on the scantron sheet.

The band Korn recently signed a 5 year recording contract with EMI under which EMI will be entitled to 25% of the band's publishing, merchandising and touring income in addition to income from record sales. In return for granting all of these rights to EMI, Korn will receive a \$15 million advance (spread out over the term of the deal). This type of (“all-in”) record deal, including more than just recording, follows a similar deal with Robbie Williams as well as several lesser known artists and may signal a trend.

(a) What is the main advantage of these types of deals to record labels?

(b) What are the advantages and/or disadvantages of these types of deals to artists? How might this depend of whether the artist is a new (unknown) artist as opposed to a successful artist?

**Model Answer:**

**Label Perspective:** This may be a way for labels to get a better/quicker return on their investment (as bands will be marketed more aggressively through all media channels). Since record sales have decreased substantially in recent years, this is a way for labels to profit even when record sales alone are unprofitable. Labels justify this due to the fact that they are to some extent responsible for an artist's popularity which enables the artist to earn money from touring, publishing and merchandising.

**Artist Perspective:** Traditionally, artists retained all rights other than recording and if successful could negotiate publishing and merchandising deals and retain all touring income. For well known artists such as Korn and Robbie Williams, these deals may be very lucrative since they will get multimillion dollar advances in return for granting any additional rights to record labels. However, new artists may not be as likely to get much additional money for granting these rights and might be better off retaining them. Another possible disadvantage is that all-in deals give record labels a greater degree of control over an artist's career.