

ARBITRATION CLAUSE DRAFTING
Megamusic-Rodriguez Contract

General Information

Megamusic, Inc. and Gabriel Rodriguez, are negotiating a contract. Rodriguez is a well-established, multi-talented crossover songwriter and musical performer, whose career has been marked by a steady stream of top-of-the-charts hits. Megamusic, Inc. is a major recording studio.

The contract will give Megamusic the exclusive right for a period of two years to produce in any medium, whether or not now known—including, but not limited to sheet music, records, tapes, CD's, videos, downloads—and for the life of the resulting copyrights to market on such media songs written by Rodriguez during the contract period, provided that Rodriguez will retain the rights to one song in each of the two years, provided he designates which song his right will apply to promptly upon completing it.

Megamusic will also have the right to book Rodriguez in each of the two years for a concert tour within the United States requiring not more than 15 concerts at which Rodriguez is to perform sets of his own music of at least one hour in duration. No two concerts may be on consecutive days and the tours must be completed in not more than 60 days and require not more than 10,000 miles travel. At least three months must elapse between the conclusion of one such tour and the commencement of a second. First class travel, housing and staging must be provided by Megamusic. Rodriguez will have the obligation to make such tours and may not otherwise tour during the contract period. Megamusic is to have the exclusive marketing rights for all derivatives of such tours, except for the sale of souvenir merchandise, which is reserved to Rodriguez.

Rodriguez is to receive a guarantee of \$1 million per year, payable in equal installments on the first of each month, plus 5% of the gross revenues earned by Megamusic on an accrual basis during the term of the contract from the exercise of its rights.

Megamusic is headquartered in Hollywood, California. Rodriguez lives on a large ranch he owns in Southwest Texas. Rodriguez is American-born, but his first language is Spanish, and, when speaking extemporaneously, he is more comfortable in Spanish than in English.

In preparing to negotiate the contract, assume that you are not limited by any existing contract between either Rodriguez or Megamusic and any third party or by the requirements of any union to which Rodriguez belongs or trade association to which Megamusic might belong. If you decide you need to assume facts other than those given, please set forth your assumptions in notes to your work product.