

Grand Right Licensing and Rental Fees

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Licensing Grand Rights

- Dramatic performances are not licensed by the performing rights societies (ASCAP, BMI, SESAC).
- Instead, dramatic performances are licensed by the copyright owner, usually either a commercial music publisher or a self-published composer. Some composers use agents for this licensing.
- A license of dramatic rights (known as “grand rights”), includes the following elements:

Elements of a Grand Right License

- Legal name of licensor
- Legal name of licensee
- Work to be performed
- Performers
- Dates of performance
- Fee (to be discussed)
- Option to extend the license?
- Special conditions (e.g., right to arrange, performance with piano or recording only)
- Reservation of all rights not specifically granted

Grand Rights Fees

- Grand right fees are normally based on a percentage of box office receipts.
- For Broadway works, the normal fee under the Dramatists’ Guild Approved Production Contract is 6% of gross box office fees. This is apportioned 2% to the music, 2% to the lyrics and 2% to the book.
- Larger opera houses will pay a percentage of box office fee. The percentage may vary from the APC norm based on the work and the company.
- Smaller opera companies, universities and most ballet companies will not pay a percentage. For these groups, a flat fee should be charged.

How to Calculate a Flat Grand Rights Fee

- Calculate potential box office
 - Average ticket price times number of seats
- Multiply the result by the normal percentage for the type of work and performance.

Percentage of Box Office Calculation

- For example, assume the following:
 - Number of seats: 1,000
 - Average ticket price: \$10
 - Total potential box office: \$10,000 (1,000 x 10)
 - Appropriate percentage for work and performer: 6%*

Total expected royalty per performance: \$600 (\$10,000 x .06)

Actual yield will be dependent on attendance and mix of prices of tickets actually purchased

**Note: the actual percentage of box office is determined by negotiation in each case.*

Flat Fee Calculation

- For example, assume the following:
 - Number of seats: 1,000
 - Average ticket price: \$10
 - Total potential box office: \$10,000 (1,000 x 10)
 - Appropriate percentage for work and performer: 6%*
 - Total royalty per performance: \$600 (\$10,000 x .06)

**Note: the actual percentage of box office is determined by negotiation in each case.*

Special Note re: Flat Grand Rights Fees

- Companies will often seek a reduction from the straight “percentage of box office” equivalent flat fee because they do not expect to sell out every performance. Whether or not to reduce a flat fee because of less than expected 100% attendance is a decision for each individual licensor.
- If this comes up, it would be reasonable for the music copyright owner to suggest to the company that they agree to a true percentage of box office deal. That way, if attendance is off, the company and the owner will share the reduction proportionately.

Multi-Work Programs

- For works performed in multi-work programs, the percentage should be pro-rated, normally based on the running time of the complete program. For example, if there are two 45-minute operas on a single program, each work would be worth one-half of the total percentage.

Special Note for Ballets

- Ballets generally contain two elements: music and choreography.
- There sometimes is an additional element: the scenario (if devised by someone other than the composer or choreographer).
- When licensing ballet music, bear in mind that companies generally also pay choreographers or their heirs for rights to present their works, particularly if the choreographer is not affiliated with the dance company (e.g., Balanchine, Robbins).
- It therefore is reasonable to reduce the fee charged for the music to take into account the interest of the choreographer (and the scenarist, if any).
- For example, if a music copyright owner is licensing a 20-minute ballet on a program of three 20-minute works with outside choreography, it would be appropriate to pro-rate the desired percentage to 1/3 of the total.
- In addition, it also would be reasonable to reduce that amount to some extent considering that the company also needs to get a license of the choreography. The amount of the reduction is in the licensor's discretion.
- For example, assume the following:
 - Number of seats: 1,000
 - Average ticket price: \$10
 - Total potential box office: \$10,000 (1,000 x 10)
 - Appropriate percentage for entire program: 6%
 - Total royalty per performance: \$600 (\$10,000 x .06)
 - Work licensed is 20 minutes of 60-minute program: .33 of total

Therefore, the total royalty per performance: \$200 ($\$600 \times .33$) (before any adjustment for expected less than full attendance)

- Now, let us assume that the choreographer is not affiliated with the company:
 - Total royalty per performance: \$200
 - Part of total creative package attributable to music: 50%

Therefore, the royalty actually charged by the music copyright owner to the ballet company would be \$100 ($\$200 \times 50\%$)

Please note that the above allocation of 50% music/50% choreography is for illustrative purposes only. It does not represent any agreed industry standard. Each situation must be considered individually.

Rental Fees for Grand Right Performances

- Note that rental fees for grand right performances may be charged in addition to the grand right licensing fee.
- Alternatively, they can be included in the fee.
- One commonly-used guideline is that the rental fee should be approximately half of the grand right license fee. However, this is entirely within the discretion of the copyright owner.

Rental Fees for Non-Dramatic Performances

- There are no industry standards or guidelines for rental fees. Each publisher establishes their own fees.
- Generally, fees vary by:
 - Duration of the work
 - Budget size of the orchestra or other ensemble
 - Number of performances (e.g., discount for multiple performances in the same series or season)
 - Whether the use is for live performance only or whether additional electronic distribution is planned

This material is a brief introduction to the topics discussed. It is not intended to be a substitute for professional legal advice. Many factors will affect the applicability of the general principles stated above to a particular situation. If in doubt, we strongly recommend consulting a legal advisor or other music licensing professional.

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