

**LEGAL REALITIES AND INDUSTRY DYNAMICS: AN ANALYSIS OF NIGERIAN
RECORDING CONTRACTS IN THE DIGITAL ERA (1999-2024)**

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BENIN CITY**

MARCH 2025

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**A PROJECT WORK WRITTEN AND SUBMITTED TO THE FACULTY OF LAW,
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MARCH 2025

CERTIFICATION

I, **Pharez Osakpanwan OKUNDIA** with Mat. No. **LAW1906253** hereby certify that apart from references to other peoples' work, which has been duly acknowledged, the entire essay is a product of my research and that this project has neither in whole or in part been submitted for another degree elsewhere.

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APPROVAL

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DEDICATION

To God Almighty, the source of wisdom, strength, and unending grace. Your guidance has been my anchor, your light my compass, and your blessings my sustenance throughout this journey.

Through every challenge and triumph, Your presence has been my refuge, inspiring resilience, perseverance, and faith. For the countless opportunities, the wisdom to navigate obstacles, and the strength to see this work to completion, I offer my deepest gratitude.

With all my heart, I dedicate this work to You, my eternal guide and greatest source of inspiration.

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Voluntary Code of Good Practice on Transparency in Music Streaming (2024).

LIST OF ABBREVIATIONS

ADP:	Alternative Dispute Resolution.
AMAMN:	Association of Music Artiste Managers of Nigeria.
CAC:	Corporate Affairs Commission.
CAMA:	Companies and Allied Matters Act.
CMOs:	Collective Management Organizations.
COSON:	Copyright Society of Nigeria.
DRM:	Digital Rights Management.
EFCC:	Economic and Financial Crimes Commission.
FCCPA:	Federal Competition and Consumer Protection Act.
FCCPC:	Federal Competition and Consumer Protection Commission.
JV:	Joint Venture.
MCSN:	Musical Copyright Society Nigeria.
NCC:	Nigerian Copyright Commission.
NFTs:	Non-Fungible Tokens.
PMAN:	Performing Musicians Employers' Association of Nigeria.
TYC:	Take Your Choice Records.

ABSTRACT

The Nigerian music industry has undergone a dramatic transformation in the digital era (1999–2024), fueled by technological advancements, the rise of streaming platforms, and the global popularity of Afrobeats. While these developments have created unprecedented opportunities for artists and record labels, they have also intensified disputes over contractual fairness, revenue sharing, and intellectual property rights. This study critically examines the legal realities and industry dynamics of Nigerian recording contracts, focusing on the pre-contractual negotiation process, transparency in artist-label relationships, and the effectiveness of existing legal and institutional frameworks in ensuring fairness. The research explores key issues such as information asymmetry, bargaining power imbalances, and the opaque nature of royalty structures, which often leave artists vulnerable to exploitative agreements. It evaluates the role of Nigerian contract law, the Copyright Act 2022, the Companies and Allied Matters Act (CAMA) 2020, and industry institutions like the Nigerian Copyright Commission (NCC) and Collective Management Organizations (CMOs) in regulating contractual fairness. Case law and industry disputes, including landmark cases like *King Sunny Ade v. African Songs Ltd* and *Kizz Daniel v. G-Worldwide Entertainment*, are analyzed to assess the legal protections available to artists and labels. Methodologically, this study adopts a doctrinal legal approach, relying on statutory analysis, case law review, and comparative examination of international transparency standards. The findings reveal significant gaps in Nigeria’s legal and institutional framework, particularly in contract enforcement, financial accountability, and regulatory oversight. While existing laws provide theoretical protections, weak enforcement mechanisms and a lack of industry-wide contract transparency allow exploitative practices to persist. This research recommends the adoption of standardized contract clauses, mandatory financial disclosures, stronger oversight of CMOs, and the integration of blockchain technology for royalty tracking to enhance transparency. Strengthening artist education, collective bargaining frameworks, and dispute resolution mechanisms will also be essential in fostering a more balanced and sustainable music industry. By addressing these legal and industry gaps, Nigeria can move towards a more equitable system where both artists and record labels thrive.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The Nigerian music industry has experienced a profound transformation over the past two decades, largely driven by technological advancements, globalization, and changes in music distribution. Historically, artists depended on live performances and radio airplay for exposure, with physical formats such as vinyl, cassette tapes, and CDs dominating music sales. Record labels played a crucial role in this era, handling artist development, production, and distribution in exchange for extensive rights over the artist's music and career¹. However, the advent of the internet, digital downloads, streaming services, as well as the increasing popularity of Nigerian music has disrupted this traditional model, reshaping artist-label relationships and raising critical legal and contractual concerns.

One of the most pressing issues in Nigerian recording contracts is the perception that they are often exploitative. Many artists, especially emerging ones, sign contracts that later turn out to be restrictive or financially unfavorable. Factors such as long contract durations, unfavorable royalty structures, lack of transparency in earnings, and disputes over intellectual property rights have led to frequent legal battles between artists and record labels. As the industry shifts from physical to digital music distribution, these contractual issues have become more complex, with new revenue models such as streaming and digital licensing requiring clear legal frameworks to ensure fair compensation for all parties involved.

¹ Michael McCubbin, 'The Aftermath of Aftermath: The Impact of Digital Music Distribution on the Recording Industry' [2012] (10)(2) *U.N.H. L. Rev.* 323 <http://scholars.unh.edu/unh_lr/vol10/iss2/6> accessed 31 January 2025.

From a legal standpoint, the structure of recording contracts should provide a balance between protecting artists from exploitation and allowing record labels to recover their investments. Essential legal provisions should ensure that artists retain fair control over their intellectual property, receive transparent royalty payments, and have the ability to renegotiate contracts under fair terms. On the other hand, record labels also require legal safeguards to protect their financial interests, especially given the significant investments they make in artist promotion, production, and distribution. This calls for well-defined contractual prerequisites that clearly outline revenue-sharing models, contract durations, and exit clauses to prevent disputes.

Despite the presence of institutions such as the Nigerian Copyright Commission (NCC) and the Copyright Society of Nigeria (COSON), enforcement of fair recording contracts remains weak. Regulatory gaps, lack of transparency in contract enforcement, and limited legal awareness among artists contribute to ongoing disputes. While these institutions play a role in protecting intellectual property rights, their effectiveness in ensuring fair contractual agreements remains questionable.

The digital era presents new opportunities for transparency, with innovations such as blockchain technology and smart contracts offering potential solutions to improve fairness in artist-label agreements. However, alongside the adoption of these technologies, comprehensive legal reforms are necessary to modernize contract laws, strengthen enforcement mechanisms, and ensure that digital revenue models are adequately regulated. A combination of technological advancements and legal restructuring will be essential in creating a more equitable and sustainable music industry in Nigeria.

This study aims to critically examine the structure and fairness of Nigerian recording contracts in the digital era. It will explore why contracts often appear exploitative, the legal

provisions necessary to protect both artists and record labels, the role of regulatory institutions, and innovative solutions to improve transparency. By analyzing case studies and legal frameworks, the research will propose strategies for fostering a more equitable artist-label relationship in Nigeria's evolving music industry.

1.2 Statement of Problem

The Nigerian music industry has witnessed rapid growth and global recognition, particularly in the digital era (1999–2024). With the emergence of streaming platforms such as YouTube, Spotify, Apple Music, and Boomplay, music consumption patterns have drastically shifted from physical distribution to digital streaming. This transition has created new opportunities for artists and record labels but has also introduced significant contractual and legal complexities.

Ideally, recording contracts should provide clear and fair terms that protect both artists and record labels, ensuring equitable revenue distribution, intellectual property protection, and transparent contractual obligations. However, the reality in Nigeria's music industry is far from this ideal. Many artists, particularly emerging talents, often sign contracts that are exploitative, ambiguous, or outright unfair, leading to prolonged legal disputes, financial losses, and career setbacks.

A major contributor to this exploitation is the lack of transparency in the terms and conditions of signed contracts. Artists frequently face uncertainty regarding the full scope of the agreements they enter into, particularly with regard to revenue-sharing models, royalties, and intellectual property rights. Ambiguity in contract language, coupled with record labels' failure to provide clear and detailed financial accounting, leaves artists unaware of how much revenue they

are actually generating or receiving. This lack of transparency fosters a sense of distrust and exploitation, as artists are often blindsided by unfavorable terms only after they have already committed to long-term contracts. As a result, many artists experience the harsh reality of their agreement far too late, leading to disputes and a strained relationship with record labels.

A review of previous cases, including Brymo and Chocolate City (2013), Kizz Daniel and G-Worldwide Entertainment (2017), and Runtown and Eric Many Entertainment (2018), shows that issues like restrictive contract terms, indefinite contract duration, opaque revenue-sharing models, and intellectual property rights disputes occur frequently. It is further complicated by the fact that Nigeria lacks a specific legislative framework for recording contracts, which exposes musicians to unfair provisions in contracts and insufficient legal protection.

From a theoretical perspective, contract law and intellectual property rights form the backbone of recording agreements. However, Nigeria's Copyright Act (2022) and general contract laws fail to adequately address modern challenges posed by digital distribution and monetization. There is also a lack of industry-specific policies governing streaming royalties, licensing, and rights management, unlike in countries such as the United States and the United Kingdom, where collective rights management organizations play a crucial role.

The practical implications of this problem are far-reaching. Without legal clarity and industry reforms, artists will continue to suffer financial and creative exploitation, and the overall sustainability of Nigeria's music industry will be at risk. The growing internationalization of Afrobeats and Nigerian music further necessitates a review of the legal frameworks governing recording contracts to ensure alignment with global best practices.

This research, therefore, seeks to fill the gap by critically analyzing the legal realities and industry dynamics of Nigerian recording contracts in the digital era. By identifying weaknesses in existing legal frameworks, exploring industry trends, and comparing Nigerian contractual practices with international standards, the study aims to propose policy recommendations that can foster fairness, transparency, and sustainability in the Nigerian music industry.

1.3 Research Questions

This analysis will explore key issues surrounding the fairness of contractual terms, transparency between artists and record labels, and the adequacy of current legal frameworks. To achieve this, the following research questions have been formulated to guide the study:

1. How do current recording contract terms in Nigeria impact the fairness of revenue distribution, intellectual property rights, and overall contractual obligations between artists and record labels?
2. What are the main transparency issues faced by Nigerian artists in their recording contracts, and how do these issues contribute to disputes and feelings of exploitation?
3. To what extent are the current Nigerian legal frameworks, such as the Copyright Act (2022) and general contract laws, effective in ensuring fairness and transparency in recording contracts within the digital era?
4. What are the gaps or limitations in Nigeria's existing legal frameworks (e.g., Copyright Act 2022) when it comes to addressing fairness and transparency in recording contracts in the digital music industry?
5. What institutional mechanisms or legal reforms can be proposed to enhance fairness and transparency in Nigerian recording contracts, particularly in the management of royalties and intellectual property rights?

6. How can emerging technologies, such as smart contracts and blockchain, be utilized to improve transparency and ensure fairness in the formulation and enforcement of recording contracts in Nigeria's digital music industry?

1.4 Aim and Objectives of the Study

The aim of this study is to critically examine the fairness of Nigerian recording contracts, with a particular focus on transparency in record label-artist relationships, revenue distribution, intellectual property rights, and the effectiveness of legal frameworks in the digital era, in order to propose recommendations for improving these contractual practices in Nigeria's music industry.

To achieve this aim, the study is guided by the following objectives:

1. To analyze the impact of current recording contract terms on the fairness of revenue distribution, intellectual property rights, and overall contractual obligations between Nigerian artists and record labels.
2. To identify the main transparency issues within Nigerian recording contracts and assess how these contribute to disputes and perceptions of exploitation by artists.
3. To evaluate the effectiveness of existing Nigerian legal frameworks, such as the Copyright Act (2022), in ensuring fairness and transparency in recording contracts in the context of the digital music era.
4. To examine the gaps and limitations in Nigeria's current legal frameworks, particularly the Copyright Act 2022, in addressing fairness and transparency in recording contracts within the digital music industry.

5. To propose institutional mechanisms or legal reforms aimed at enhancing fairness and transparency in Nigerian recording contracts, particularly in the management of royalties and intellectual property rights.
6. To explore how emerging technologies, such as smart contracts and blockchain, can improve transparency and fairness in the formulation and enforcement of recording contracts in Nigeria's digital music industry.

1.5 Scope and Limitations of the Study

This study examines Nigerian recording contracts, focusing on fairness and transparency in record label-artist relationships, revenue distribution, intellectual property rights, and the effectiveness of legal frameworks. It analyzes key contractual terms, legal disputes, and the impact of digital distribution platforms like Spotify, Apple Music, and YouTube. The research primarily considers Nigerian record labels and artists while drawing relevant insights from broader industry practices.

However, certain limitations may affect the study. The confidentiality of contracts may restrict access to detailed data, while time constraints could limit the number of case studies analyzed. The focus on major artists and record labels may not fully capture the experiences of all industry players. Additionally, while the study centers on Nigeria, external factors influencing recording contracts may not be extensively explored. Logistical challenges, including limited funding and access to legal documents, may also impact data collection. Despite these constraints, this research aims to provide critical insights and recommendations for improving fairness and transparency in Nigerian recording contracts.

1.6 Significance of the Study

This study is significant as it provides a critical examination of fairness and transparency in Nigerian recording contracts, addressing issues related to revenue distribution, intellectual property rights, and legal protections in the digital era. By analyzing contractual practices, legal disputes, and the effectiveness of existing frameworks, the research contributes to bridging the knowledge gap on artist-label relationships in Nigeria's music industry. It also offers insights into how digital transformation has influenced contractual obligations and financial structures.

The findings will be beneficial to multiple stakeholders. Artists and record labels will gain a clearer understanding of fair contract terms and best practices, reducing disputes and fostering more sustainable partnerships. Legal practitioners and policymakers can use the research to advocate for stronger industry regulations and more artist-friendly contract frameworks. Regulatory bodies and industry associations will find the study useful in developing policies that promote transparency and fairness in the industry. Additionally, scholars and researchers in entertainment law and music business studies will benefit from its theoretical and practical contributions, providing a foundation for further academic exploration.

1.7 Research Methodology

This study adopts a doctrinal research approach, which is primarily qualitative and involves an in-depth analysis of legal frameworks, case law, and contractual practices in Nigeria's music industry. Given the nature of the research, a historical, analytical, and descriptive method is employed to examine the evolution of recording contracts, identify recurring legal issues, and assess the effectiveness of existing laws in regulating artist-label agreements. This approach ensures a thorough exploration of how contractual terms have been interpreted and enforced within Nigeria's legal landscape.

The study relies on both primary and secondary sources of legal research. Primary sources include the Nigerian Copyright Act (2022), Contracts Law, Companies and Allied Matters Act (CAMA) 2020, Consumer Protection Act (2018), relevant contract law provisions, judicial decisions from Nigerian courts, and industry regulations. Secondary sources consist of scholarly articles, textbooks, legal commentaries, industry reports, and case studies of past disputes involving Nigerian artists and record labels. By synthesizing these materials, the research provides a well-rounded assessment of the legal realities and industry dynamics shaping Nigerian recording contracts in the digital era.

1.8 Contributions to Knowledge

This research makes significant contributions to the understanding of Nigerian recording contracts, particularly in the digital era. Unlike previous studies that focus on general entertainment law, this study provides a comprehensive legal and industry-based assessment of pre-contractual negotiations and transparency in artist-label agreements. It bridges the gap between legal theory and industry realities, highlighting how contract law principles interact with power dynamics in Nigeria's music business.

A key contribution is its focus on the pre-contractual phase, analyzing how bargaining power, industry norms, and legal awareness shape contract terms. Rather than relying solely on legal advice, this study proposes structural safeguards such as industry-wide contract disclosure requirements, collective bargaining mechanisms, and standardized contract provisions to prevent artist exploitation.

Another important contribution is the legal framework for financial transparency, advocating for mandatory royalty audits, independent oversight, and digital tracking systems like

blockchain to ensure real-time revenue monitoring. This approach modernizes contract enforcement and minimizes disputes over earnings.

By incorporating comparative legal analysis, this study identifies regulatory gaps in Nigeria's legal framework and suggests policy reforms aligned with global best practices. Its case studies of Nigerian artist-label disputes provide practical insights for lawyers, policymakers, and industry stakeholders to improve contract fairness and dispute resolution mechanisms.

Finally, this research contributes a structured theoretical framework, integrating Incomplete Contract Theory, Bargaining Power Theory, and Information Asymmetry Theory to systematically assess contract fairness. Its interdisciplinary approach makes it valuable for entertainment law, music business, and intellectual property studies, offering tangible solutions for legal reforms and industry innovation.

CHAPTER TWO

CONCEPTUAL ANALYSIS AND THEORETICAL FRAMEWORK

The recording contract is the foundation of the artist-label relationship, defining rights, obligations, and financial interests. In the Nigerian music industry, these contracts have long been a source of both opportunity and dispute, particularly as the industry adapts to digital transformations. This chapter examines the conceptual and theoretical underpinnings of recording contracts, focusing on key contractual clauses, artist and label interests, and the broader principles of contract law that govern these agreements. The chapter also explores the theoretical frameworks that inform the study, including Incomplete Contract Theory, Bargaining Power Theory, and Information Asymmetry Theory, which provide critical insights into the fairness and transparency of recording contracts in Nigeria.

2.1 Conceptual Analysis

This section examines the fundamental aspects of recording contracts, including their definition, key clauses, and legal principles. It also explores the interests of both record labels and artists, as well as the factors that influence contractual negotiations. By analyzing these elements, this section lays the groundwork for understanding the dynamics that shape artist-label agreements.

2.1.1 The Concept of Recording Contracts

For many artists, the journey to securing a record deal is filled with struggle, countless rejections, unpaid gigs, and industry gatekeepers who seem impossible to reach. Even for those who break through, success remains uncertain, as the music industry is built on high risk and frequent failure. Labels invest in numerous artists, fully aware that only a small fraction, sometimes as low as 10 to 15 percent will achieve real financial success¹.

With so much uncertainty, it becomes essential to have a clear framework that guides the relationship between the artist and the record label. There must be a structured agreement that balances creative freedom with business interests, protecting both parties from exploitation and unmet expectations. This necessity gives rise to one of the most crucial documents in the music industry, the recording contract. In a bid to understand what a recording contract is, we must first examine the fundamental concept of a contract itself.

A contract is generally defined as a legally binding agreement between two or more parties, creating mutual rights and obligations enforceable by law. In *Kabo Air Ltd. v. Tarfa*², Galadinma J.C.A. defined a contract as: *"An agreement which is legally binding on the parties and which, if broken, may be enforced by action in court against the defaulting party."*

By highlighting the enforceability of contracts, this definition sets them apart from unofficial agreements or simple pledges. Key legal elements, such as offer, acceptance, consideration, purpose to establish legal relations, and the parties' capacity, must all be met for a contract to be deemed legitimate.

¹ Steve Greenfield and Guy Osborn, 'Understanding Commercial Music Contracts: The Place of Contractual Theory' [2007](23) *Journal of Contract Law* 1 <https://www.researchgate.net/publication/228135503> accessed 2 February 2025.

² *Kabo Air Ltd. v. Tarfa* (2004) 6 WRN 134.

Building on this foundational understanding, a recording contract or a record deal is a legally binding agreement between a recording artist (or group) and a record label, outlining the terms under which the artist's music will be recorded, produced, distributed, and monetized. It establishes the rights and obligations of both parties, covering aspects such as ownership of master recordings, royalty payments, creative control, and contract duration. This agreement serves as the foundation of the commercial relationship between artists and labels, ensuring mutual benefits while balancing artistic freedom with business interests.

In a typical recording contract, the primary parties are the artist (or group) and the record label. The artist is the creator of the music and performs the role of recording, producing, and sometimes composing the songs. The artist may enter into the agreement seeking resources, support, and promotion from the record label, which offers financial backing, professional production, and distribution channels. In return, the label often takes control over the master recordings and the commercialization of the music. The label's primary responsibility is to distribute, promote, and monetize the artist's work, usually by collecting royalties and advancing funds to the artist, sometimes with a focus on maximizing return on investment.

2.1.2 Types of Recording Contracts

There are several types of record deals, each with different terms and obligations that can significantly shape an artist's career³. It is essential for artists to assess their career goals and aspirations before committing to a deal. While some deals may seem enticing at first, they can come with conditions that might limit an artist's financial success or creative freedom. Here are some of the most common types of record deals:

³ Sarah Ordiah, 'Sounds And Songs: Evaluating The Balance Of Rights In Artistes And Record Label Arrangements' *mondaq* (lagos, 6 October 2021) <https://www.mondaq.com/nigeria/copyright/1118816/sounds-and-songs-evaluating-the-balance-of-rights-in-artistes-and-record-label-arrangements#_ftnref19> accessed 3 February 2025.

1. The Traditional Record Deal: This type of deal is one of the most common, where the record label provides a substantial advance in exchange for ownership of the artist's master recordings. The label usually retains around 80% of the royalties, leaving the artist with only 20%. While it may offer an immediate financial boost, the artist only begins receiving royalties after the label recoups its investment in production and distribution. This model, which was more relevant during the era of physical album sales, remains a prevalent structure despite the digital shift.
2. The Production Deal: Often confused with a traditional record deal, a production deal is actually an arrangement between the artist and a production company. In this deal, the production company finances the artist's recordings and helps pitch them to a major label. While it may seem like a record deal, this type of agreement often lacks the same incentives for success and can leave artists tied to contracts with no real guarantee of label support.
3. The Distribution Deal: Popular among independent artists, the distribution deal focuses exclusively on distributing and selling the artist's finished work. The record label is responsible for getting the music onto digital platforms and physical stores but does not finance its creation. The artist retains ownership of their music, making this arrangement a favorable option for those who can afford to produce their own music. Distribution deals offer greater control and fewer risks compared to traditional contracts.
4. The Profit-Split Deal: Typically used with established artists, this deal divides the net profits from record sales after covering all promotional and production costs. While the label does not pay the artist until expenses are recouped, the artist stands to gain a

potentially higher share of profits once the costs are covered. This deal minimizes financial risk for the label while still offering a more equitable profit distribution.

5. **The Work for Hire Deal:** In a work-for-hire agreement, the artist relinquishes all ownership rights to their work in exchange for a flat fee. This model is typically used when artists collaborate with others, such as producers or backup singers, who do not retain ownership of the music. The artist pays a one-time fee and does not share in the copyright or any future earnings from the work.
6. **360 (Multiple Rights) Deal:** The 360 deal was introduced to adapt to the changing music industry, particularly with the rise of digital streaming and the decline of physical sales. In this deal, the label receives a percentage of the artist's income from various revenue streams, including digital sales, live performances, publishing, and merchandise. While the 360 deal provides the label with a more comprehensive role in promoting the artist, it requires the artist to share revenue from multiple sources, often resulting in a lower income from traditional deals.
7. **Joint Venture (JV) Deal:** A joint venture deal involves a partnership between a major record label and an independent artist or label, where both parties share the responsibility for creating, marketing, and promoting the music. The major label typically provides the financing, and the profits are shared once the costs are recouped. This type of deal allows the artist to maintain some degree of independence while benefiting from the label's resources and reach, though profits are split according to the agreed terms.

Each type of record deal has its unique advantages and potential drawbacks. Artists must carefully weigh their options, considering their career trajectory and long-term goals before entering into any agreement. Effective negotiation and a clear understanding of the terms are

essential to ensuring that the deal aligns with the artist's creative and financial interests, allowing for sustainable success.

2.1.3 Key Clauses in a Recording Contract

Recording contracts form the backbone of the professional relationship between artists and record labels, shaping the rights, obligations, and financial interests of both parties. These agreements are legally binding, and Nigerian courts generally uphold their terms, reinforcing the principle that parties entering a contract are presumed to have understood and accepted its conditions. However, disputes often arise when artists fail to scrutinize the fine print, leading to situations where labels retain control over critical aspects such as master recordings, royalties, and even stage names.

Given the long-term impact of these agreements, it is crucial for artists to fully understand the key provisions before signing. A well-drafted recording contract should not only reflect industry norms but also ensure fairness and transparency, preventing exploitation. The following section outlines the essential clauses in a recording contract, explaining their significance and potential implications for both artists and record labels.

1. The Term/duration of the Contract:

Like any professional relationship, a recording contract has a defined duration, referred to as the "Term", which establishes how long an artist remains contractually bound to a record label. This period is a crucial aspect of the agreement, as it determines the extent of the label's control over the artist's music, financial interests, and career trajectory.

The ideal contract term varies based on multiple factors, including the artist's potential, marketability, and genre. Labels typically push for longer terms to maximize their investment

and secure extended control over the artist's catalog, while artists prefer shorter deals that allow flexibility in case circumstances change or better opportunities arise⁴. To balance these competing interests, contracts often include "option" periods, where the label has the right, but not the obligation, to extend the deal based on mutual agreement. A well-negotiated term clause ensures that neither party is unfairly locked into an arrangement that could become detrimental to their interests.

2. Sign-Up and Advance Fees:

An advance is a financial sum provided by a record label to an artist as an advance on future earnings, rather than an outright payment. While it may seem like a substantial payout, its primary purpose is to cover critical expenses such as management fees, band salaries, music production, touring, and promotional costs. It is not a personal windfall for the artist but an investment by the label to support the creation and marketing of their music.

Record labels base the amount on anticipated sales and streaming success because advances are speculative investments. New artists may receive smaller advances or have to prove commercial viability before securing significant financial backing. Established artists, however, often have greater leverage to negotiate higher advances, particularly for future albums. Artists should be cautious of recoupment clauses, which may require them to repay advances as personal debt. A more equitable arrangement ensures that the label recoups the advance solely from future record sales, preventing undue financial burden on the artist if their music underperforms.

3. Royalties:

⁴ Halima Abiola, 'IP Lawyers: 5 Important Clauses in the Record Label Contract' *The Loyal Nigerian Lawyer*, (Iagos, 24 January 2022) <https://loyalnigerianlawyer.com/ip-lawyers-5-important-clauses-in-the-record-label-contract/> accessed 3 February 2025.

The royalties clause is one of the most crucial components of a recording contract, as it determines how earnings from an artist's music will be distributed throughout the duration of their copyright. Given the continuous evolution of the music industry and the numerous revenue streams available today, this clause is often intricate and subject to intense scrutiny.

Record labels typically structure royalties in two main ways: a "net deal," where the artist receives a percentage of profits only after the label has deducted its expenses, or a fixed percentage split that varies depending on the agreement. These splits can range from an equal 50/50 division to an 80/20 share favoring the label⁵. A well-structured royalties clause should explicitly outline how revenue is shared, specify which expenses can be deducted before profit distribution, and establish clear guidelines requiring mutual consent before any major deductions are made. Ensuring transparency in this clause is essential to preventing conflicts and fostering fair revenue distribution.

4. Branding, Merchandise, and Promotions:

In addition to music sales, artists make a substantial amount of money from branding, merchandising, and promotional agreements. Because of the influence they have over fans and consumers, artists frequently work with brands and pursue business endeavors outside of their recordings. In an effort to get a piece of these new revenue streams, record labels usually include clauses in contracts that give them a cut of profits from merchandise sales, tours, sponsorships, and publishing.

Labels are now able to obtain a financial stake in several facets of an artist's career thanks to this model, which is also known as a "360 Deal." Although this arrangement gives labels more

⁵ Ibid.

incentives for investment⁶, it is important to make sure that these terms are agreed equitably. The label's right to non-recording money should be spelled out in a well-balanced branding and merchandising provision, guaranteeing that the label's involvement in these revenue streams is commensurate with the resources and assistance it offers.

5. Rights and Ownership:

A key element of any recording contract is the definition of rights and ownership, particularly regarding the master recordings. Typically, in most traditional record deals, the record label secures ownership of the master recordings, which means the label controls how the music is distributed, marketed, and monetized. The artist, on the other hand, typically receives royalties based on the success of the music, but does not own the recordings themselves. The rights granted to the label should be clearly defined, specifying the duration and extent of this ownership.

Ownership of the master recordings can often be a major source of tension. For example, in the case of Taylor Swift v. Big Machine Records, Swift was unable to regain ownership of her original master recordings after her contract ended, as they were sold to another company. This led to a public dispute about the terms of ownership and control, and highlights the importance of specifying conditions under which the artist might regain control of their masters. Similarly, in Nigeria, the artist Kizz Daniel's conflict with his former label G-Worldwide is an example where disputes arose over control and ownership of the artist's intellectual property. Therefore, it is essential that recording contracts define ownership clearly and specify the conditions under

⁶ Matt Stahl, 'From Seven Years to 360 Degrees: Primitive Accumulation, Recording Contracts, and the Means of Making a (Musical) Living' [2011](9)(2) *tripleC: Communication, Capitalism & Critique* 669 <http://www.triple-c.at/> accessed 3 February 2025.

which rights can be transferred or returned to the artist after a certain period or upon meeting specific contractual terms.

2.1.4 Record Label and Artist Interests: Justifications and Areas of Conflict

Record labels are often portrayed as predatory entities that exploit artists, trapping them in unfavorable contracts and reaping the bulk of their earnings. This perception has been fueled by numerous high-profile disputes where artists have accused labels of unfair treatment. However, at their core, record labels are business enterprises whose primary goal is to protect their financial investments, just like any other commercial establishment. The music industry is highly unpredictable, with significant risks associated with artist development, promotion, and distribution. To mitigate these risks, labels structure contracts in ways that ensure profitability and long-term sustainability.

Artists, on the other hand, seek creative control, financial independence, and fair compensation for their work. These competing interests often lead to tensions in recording contracts, requiring a delicate balance between protecting label investments and ensuring artists' rights.

There it so happens that for any interest a label has that justifies their position in the contract, the artist has a conflicting interest to protect which justifies their actions and stance in the contract. The conflict in interest has been manifested in multiple high profile label-artist dispute, this further give reasons why a balance must be sought when crafting a recording contract, to adequately account for the circumstances and the needs of both parties. We shall now go on to discuss this various interest situations:

1. Investment vs. Artistic Freedom:

Developing an artist from obscurity to mainstream success requires significant financial backing. Labels invest heavily in recording sessions, music videos, marketing campaigns, and global distribution, often spending millions before seeing any returns. To safeguard these investments, contracts typically grant labels ownership of master recordings and include long-term obligations. A notable case illustrating this tension is *Prince v. Warner Bros. Records* (1993)⁷, where the legendary musician challenged his label's control over his masters. Despite his superstar status, Warner Bros. justified its stance by citing the massive financial investment it had made in his career.

Artists, on the other hand, see their masters as their most valuable intellectual property. Owning their masters means they have full control over how their music is used, sold, and licensed. Losing this ownership can limit their ability to profit from their own work or prevent them from blocking their songs from being used in movies, commercials, or political campaigns. This conflict was central in *Taylor Swift v. Big Machine Records* (2019)⁸, where Swift's former label sold her masters to Scooter Braun without her consent, prompting her to re-record her old albums to regain control.

2. Recoupment vs. Fair Compensation: Who Profits First?

Labels provide artists with advances and lump sums of money paid upfront to cover expenses like recording, production, and tour costs. However, these advances are not gifts; they must be recouped before the artist starts earning royalties. Labels argue that this system is

⁷ Eamonn Forde, 'Record breaker: a brief history of Prince's contractual controversies' *The Guardian*, (10 August 2015) <https://www.theguardian.com/music/2015/aug/10/history-prince-contractual-controversy-warner-paisley-park> accessed 4 February 2025.

⁸ Rachel McGrath, 'Taylor Swift's Rerecordings Explained: This Is Why She's Releasing 'Taylor's Versions'' *Huffpost*, (11 August 2023) https://www.huffingtonpost.co.uk/entry/why-is-taylor-swift-re-recording-albums-1989_uk_64d4e77be4b0d52beea2bb17 accessed 4 February 2025.

necessary to recover their investment, as many artists fail to generate enough revenue to cover initial expenses. This means that even if an artist achieves commercial success, they may not see immediate financial gains

For artists, this structure can be financially crippling. Since recoupment clauses often allow labels to deduct marketing, distribution, and promotional expenses from an artist's earnings, some musicians end up making very little despite selling millions of records. A prime example is *TLC v. LaFace Records* (1996)⁹, where the group sold over 10 million albums yet still filed for bankruptcy due to the deductions imposed by their label.

3. Long-Term Contracts vs. Career Flexibility: Who Decides When an Artist Can Leave?

From a label's perspective, signing an artist is a high-risk investment, and long-term contracts ensure they have enough time to develop and market an artist before seeing substantial returns. Labels argue that multi-album contracts are necessary to maintain consistency and prevent an artist from leaving just as they become successful.

However, for artists, these contracts can feel restrictive and limiting. Some contracts prevent them from signing with another label or releasing music independently, even when the relationship turns sour. This was evident in *Frank Ocean v. Def Jam* (2016)¹⁰, where Ocean, frustrated by his deal, strategically released the album *Endless* just to fulfill his contractual obligations before independently dropping *Blonde*. The case highlighted how artists sometimes have to maneuver around restrictive contracts to regain creative and financial freedom.

⁹ Jacob Colliver, 'The dark tale of TLC going bankrupt in the '90s' *Beat Magazine*, (Melbourne, 13 march 2021) <https://beat.com.au/the-dark-tale-of-tlc-going-bankrupt-in-the-90s/> accessed 4 February 2025.

¹⁰ Chris Bound, 'Frank Ocean vs. Def Jam: The story behind that double album' *Mystic Sons*, (24 August 2016) https://www.huffingtonpost.co.uk/entry/why-is-taylor-swift-re-recording-albums-1989_uk_64d4e77be4b0d52beea2bb17 accessed 5 February 2025.

4. Creative Control vs. Marketability: Who Shapes the Artist's Brand?

Labels play a crucial role in shaping an artist's sound, image, and branding to align with market trends. Since they bear the financial burden of production and promotion, they often exert influence over creative decisions to ensure commercial success. This means they may push an artist toward a particular musical style or persona that fits current industry demands.

Artists, however, often resist these restrictions, as they want the freedom to express themselves authentically. Many musicians have clashed with labels over forced changes to their sound or public image. For example, *JoJo v. Blackground Records* (2009) saw the young pop singer locked in a contract that controlled her creative output, leading to a legal battle to escape the deal and release new music¹¹.

5. Ownership vs. Transparency: Who Controls Royalties and Revenue Streams?

As the music industry evolves, labels no longer rely only on album sales for revenue. They now demand a share of an artist's merchandise sales, concert earnings, and endorsement deals, a model called 360 Deals. Labels argue that since they invest in building an artist's brand, they should also benefit from all the income streams that come from that brand. This model helps labels stay profitable in the streaming era, where music sales alone may not be enough.

Artists argue that these deals unfairly extend label control beyond traditional music sales. Many struggle to track how much money they actually earn due to complex royalty calculations. Lack of transparency often leads to disputes over unpaid earnings, as seen in cases like TLC's bankruptcy and Taylor Swift's battle for her masters. Artists want clearer contracts that ensure they get their fair share of royalties.

¹¹ Lipshutz Jason, 'JoJo's Decade of Label Woes: A Timeline Leading to "Mad Love."' *Billboard*, (New York, October 2016) <https://www.billboard.com> accessed 4 February 2025.

2.2 Theoretical Framework

The analysis of Nigerian recording contracts requires a robust theoretical framework to assess fairness in pre-contract negotiations and transparency in artist-label relationships. Contract Theory explains the legal foundations of recording agreements, detailing how rights, obligations, and financial structures are allocated between artists and record labels. Bargaining Power Theory examines the unequal negotiation dynamics that often favor record labels due to their financial strength, industry connections, and control over distribution channels. Information Asymmetry Theory highlights the transparency challenges within recording contracts, where artists may lack full access to financial records and contractual details. Together, these theories provide a comprehensive framework for evaluating the legal and industry dynamics influencing Nigerian recording contracts in the digital era.

2.2.1 Incomplete Contract Theory

Incomplete Contract Theory, as developed by Oliver Hart and John Moore in the 1990s, asserts that contracts cannot account for every possible future contingency due to uncertainty and the high cost of specifying all potential scenarios. Instead, parties leave certain terms undefined, either deliberately or due to practical limitations¹². This theoretical framework is particularly relevant to Nigerian recording contracts, where agreements between artists and record labels frequently contain gaps, ambiguous terms, or omitted provisions that later lead to disputes. These

¹² Oliver Hart, 'Prize Lecture: Incomplete Contracts and Control' *The Nobel Prize*, (8 December 2016) <https://www.nobelprize.org/uploads/2018/06/hart-lecture.pdf> accessed 5 February 2025.

contractual omissions are not accidental; rather, they reflect power imbalances and strategic drafting practices that tend to favor the more dominant party, typically, the record label.

In the context of the Nigerian music industry, incomplete contracts emerge in numerous ways, particularly in revenue-sharing structures, control over creative production, and contractual term. Artists, especially new ones, often sign agreements without fully understanding how future income streams, such as streaming royalties, merchandise, endorsements, and performance revenue will be split. Because the digital music industry is changing so quickly, traditional contracts that were written before streaming services became so popular frequently neglect to account for new revenue streams, enabling labels to use post-contractual interpretations to obtain excessive revenue shares from artists.

The lengthy battle between King Sunny Ade and his old record company, African Songs Limited, is a striking illustration of how imperfect contracts actually function in real life. According to reports, the deal gave the label complete ownership rights to all of his songs and recordings, but it was vague about royalties and the artist's control over his creations. As King Sunny Ade's career took off, disagreements over ownership and financial transparency surfaced, leading to drawn-out court cases. King Sunny Ade argued that the contract was exploitative and did not adequately compensate him, even though the label accused him of breaking it by recording elsewhere¹³. This case highlights how contractual gaps and ambiguities can be leveraged by record labels to exert prolonged control over artists, often to the detriment of the latter's creative and financial autonomy.

Furthermore, Nigerian recording contracts often fail to account for industry shifts that alter the fundamental economic arrangements between artists and labels. In the digital era, where

¹³ *African Songs Ltd (ASL) v. Sunday Adeniyi Adeyeye (aka King Sunny Ade (KSA))* Suit No: LD/1300/74.

streaming services, NFTs, and direct-to-fan platforms have changed music monetization, pre-existing contracts that lack flexibility become major sources of contention. Because these agreements do not anticipate shifts in technology and revenue models, labels may assert rights over new income streams not explicitly mentioned in the original contract, further entrenching the artist's disadvantaged position.

By applying Incomplete Contract Theory to Nigerian recording contracts, this research highlights the structural weaknesses that contribute to artist-label disputes. The prevalence of undefined terms, vague obligations, and contractual gaps ensures that labels, which often control contract drafting, retain interpretative dominance. This analysis is crucial in understanding why Nigerian recording contracts are frequently perceived as exploitative, not solely because of unfair terms, but because of their strategic incompleteness, which enables labels to exert long-term control over artists' careers and earnings.

2.2.2 Bargaining Power Theory

Bargaining Power Theory originates from economic and legal contract theories, with significant contributions from scholars such as John Kenneth Galbraith (1952) and Thomas Schelling (1960)¹⁴. Initially developed to explain how different parties use their resources, leverage, and strategic positioning to influence contract outcomes, the theory has been widely applied to labor agreements, business negotiations, and market competition. Over time, it has become particularly relevant in analyzing how power imbalances affect contractual relationships, including those in the music industry.

¹⁴ Thomas C. Schelling, *The Strategy of Conflict* (London: Harvard University Press 1980), 22-25.

At its core, Bargaining Power Theory examines the ability of one party to influence the terms of an agreement based on their resources, alternatives, and strategic advantage. In any negotiation, the party with greater bargaining power is likely to secure more favorable terms, while the weaker party often has little choice but to accept the agreement as presented. Factors such as financial strength, access to information, industry experience, and the availability of alternative opportunities determine bargaining power. The theory distinguishes between absolute bargaining power, which refers to inherent advantages like financial backing, and relative bargaining power, which fluctuates depending on market conditions or individual circumstances.

In the Nigerian music industry, Bargaining Power Theory is crucial for understanding the fairness of pre-contract negotiations between artists and record labels. Record labels typically possess greater bargaining power due to their control over essential resources such as funding, music production, marketing, and distribution. As a result, they often dictate contract terms that may not favor artists. These terms can include low royalty percentages, long-term exclusivity clauses, strict recoupment conditions, and limited creative control. Many emerging artists, eager to secure a deal, may lack the industry knowledge or legal support to negotiate better terms, leading to agreements that disproportionately benefit labels.

However, bargaining power is not static. As artists gain popularity and commercial success, their negotiating leverage increases, allowing them to demand better terms or renegotiate their contracts. This shift has been evident in various disputes between Nigerian artists and their record labels. Cases such as *Kizz Daniel vs. G-Worldwide* and *Runtown vs. Eric Manny Entertainment* illustrate how artists, once bound by restrictive agreements, have fought

for greater contractual freedom after achieving mainstream success¹⁵. These legal battles underscore the significant role that bargaining power plays in shaping contractual fairness in the Nigerian music industry.

Moreover, the rise of digital streaming platforms and independent distribution channels is gradually reshaping bargaining power dynamics. With platforms like Spotify, Apple Music, and Audiomack, artists no longer rely solely on record labels to reach audiences, giving them greater autonomy in negotiations. This shift reduces the traditional dominance of labels and allows artists to secure more favorable deals. Additionally, stronger regulatory frameworks, legal protections, and access to contract negotiation education can further help artists navigate recording agreements more effectively, ensuring fairer and more transparent contracts.

By applying Bargaining Power Theory, this research critically examines the extent to which power imbalances influence recording contracts in Nigeria. It also explores potential strategies, including industry regulations, legal support systems, and alternative music distribution models, that can create more equitable agreements benefiting both artists and record labels in the digital era.

2.2.3 Information Asymmetry Theory

The Information Asymmetry Theory originates from economic and contract law studies, with its foundational concepts developed by George Akerlof (1970), Michael Spence (1973), and Joseph Stiglitz (1975). Initially introduced in the context of market transactions, particularly in

¹⁵ Abdul Buhari Mutairu, 'Revisiting The Age Long Disputes Between Record Labels And Artiste In Nigeria' *Barristerng*, (19 June 2020) <https://barristerng.com/revisiting-the-age-long-disputes-between-record-labels-and-artiste-in-nigeria-by-abdul-buhari-mutairu/> accessed 5 February 2025.

Akerlof's famous work *The Market for Lemons*¹⁶, the theory explains how an imbalance in access to information between parties can lead to unfair outcomes. Over time, this theory has been applied to various fields, including finance, employment, and legal contracts, to examine how disparities in knowledge affect negotiations and agreements.

At its core, Information Asymmetry Theory highlights situations where one party possesses significantly more or better-quality information than the other, leading to an imbalance in decision-making power. In contractual relationships, the party with greater access to information can exploit this advantage to structure agreements in their favor, often at the expense of the less-informed party. This imbalance can result in adverse selection, where uninformed parties enter into unfavorable agreements, and moral hazard, where the knowledgeable party manipulates terms to their own benefit while the other party bears most of the risk.

In the Nigerian music industry, Information Asymmetry Theory is highly relevant in analyzing transparency challenges in recording contracts. Record labels typically have more legal and industry knowledge than artists, particularly emerging musicians who may lack experience in contract negotiation. Many artists sign contracts without fully understanding critical clauses related to royalties, recoupment, copyright ownership, duration, and exit conditions. This lack of information often results in artists being bound to agreements that grant labels excessive control over their music and earnings.

A major issue arising from information asymmetry in Nigerian recording contracts is the opaque nature of royalty calculations and financial reporting. Many artists struggle to access clear and timely financial statements from their labels, making it difficult to track their earnings

¹⁶ George A. Akerlof, 'The Market for 'Lemons': Quality Uncertainty and the Market Mechanism'[1970](84)(3) *The Quarterly Journal of Economics* 488 <https://academic.oup.com/qje/article/84/3/488/189624> accessed 5 February 2025.

from streaming, performances, endorsements, and licensing deals. Without transparency, artists may be underpaid or unaware of hidden deductions applied to their royalties. Cases such as Brymo's dispute with Chocolate City and Skales' conflict with Baseline Records have highlighted concerns over financial transparency and the lack of clarity in revenue sharing between artists and labels.

Additionally, information asymmetry contributes to long-term contractual exploitation, where artists unknowingly sign unfavorable exclusivity clauses or hidden extensions that prevent them from leaving their record labels even after fulfilling their initial obligations. This has led to numerous legal battles in the Nigerian music industry, with artists seeking to exit restrictive contracts after realizing the full implications of the terms they initially agreed to.

The increasing use of digital distribution and streaming services has provided artists with alternative revenue streams, but it has also introduced new complexities regarding rights management and revenue collection. Many Nigerian artists remain unaware of how much they earn from streaming platforms, the role of publishing rights, and the impact of licensing deals, further widening the information gap between them and record labels.

To address the challenges posed by information asymmetry, it is essential to increase contract transparency, provide artists with better access to legal counsel, and establish industry regulations that mandate clear financial reporting. Implementing standardized contract templates, artist education programs, and independent auditing mechanisms can help bridge the knowledge gap and ensure fairer artist-label relationships.

By applying Information Asymmetry Theory, this research critically examines the extent to which lack of transparency affects Nigerian recording contracts and explores potential

solutions for improving fairness in contractual agreements. Increased access to legal and financial knowledge can empower artists, ensuring that they enter contracts with a full understanding of their rights and obligations, ultimately fostering a more balanced and sustainable music industry.

CHAPTER THREE

THE LEGAL AND INSTITUTIONAL FRAMEWORK OF NIGERIAN RECORDING CONTRACTS: ENSURING FAIR PRE-CONTRACTUAL NEGOTIATIONS

Enforcement of recording contracts is one area where ‘prevention is better than cure’ because Nigerian courts will uphold the sanctity of contract on the principle that the contracting parties were or should have been aware of the terms of the contract. In practice, Nigerian labels have been known to withhold copyright in the masters, royalties, and even the artist’s name pursuant to provisions contained in the recording contract¹.

A strong legal and institutional framework is essential for ensuring fair recording contracts, particularly in pre-contractual negotiations where power imbalances often favor record labels. This chapter analyzes the Nigerian legal system's role in regulating recording agreements, with a focus on contract law principles, the Copyright Act 2022, and consumer protection laws such as the Federal Competition and Consumer Protection Act 2018. It also examines the institutional mechanisms that oversee fairness in the industry, including the Nigerian Copyright Commission (NCC), Collective Management Organizations (CMOs), and industry unions. By identifying gaps in these legal and institutional structures, the chapter highlights areas for reform to promote fairer and more transparent pre-contractual negotiations.

3.1 Overview of the Legal Framework Governing Pre-Contractual Negotiations

¹ Halima Abiola, ‘IP Lawyers: 5 Important Clauses in the Record Label Contract’ *The Loyal Nigerian Lawyer*, (Lagos, 24 January 2022) <https://loyalnigerianlawyer.com/ip-lawyers-5-important-clauses-in-the-record-label-contract/> accessed 8 February 2025.

The legal framework governing pre-contractual negotiations in Nigerian recording contracts is rooted in contract law, copyright regulations, and consumer protection statutes. These laws establish the rights and obligations of parties before a contract is signed, ensuring transparency and fairness in negotiations. Given the binding nature of contracts, Nigerian courts generally uphold agreements unless there is evidence of fraud, misrepresentation, or undue influence. This section examines the key legal principles shaping pre-contract discussions, including contract formation rules, intellectual property rights under the Copyright Act 2022, and fair trade protections under the FCCPA 2018, to assess their effectiveness in preventing exploitative agreements.

3.1.1 Contract Law and Its Role in Pre-Contractual Negotiations

Contract law plays a crucial role in pre-contractual negotiations by providing the legal framework that governs how parties engage before finalizing an agreement. In the context of Nigerian recording contracts, contract law ensures that both artists and record labels negotiate under principles that promote fairness, transparency, and enforceability.

To achieve this, we will examine the various aspects of contract law that govern pre-contractual negotiations, including the principle of freedom to contract, the doctrine of offer and acceptance, consideration and mutual obligations, good faith and fair dealing, the doctrine of privity and third-party rights, and pre-contractual representations and liability, while analyzing the legal position on these key aspects.

3.1.1.1 Key Aspects of Contract Law in Pre-Contractual Negotiations

1. Principle of Freedom of Contracts

The principle of freedom to contract refers to the right of individuals and entities to voluntarily enter into agreements and determine their terms without undue interference. This principle allows contracting parties to negotiate terms that suit their interests, provided the agreement complies with legal and public policy standards. However, this freedom is not absolute, as courts may intervene in cases of illegality, unfairness, or public interest concerns.

The freedom to contract principle allows both parties to debate and agree on key elements during pre-contractual talks without outside pressure. This principle guarantees that agreements involving financial commitments, performance standards, and dispute resolution procedures can be drafted by artists and record labels (or any other contracting parties) with mutual consent.

However, while parties have the autonomy to negotiate and enter into agreements, they are also bound by the terms they accept. This means that once a party commits to certain provisions, such as jurisdiction clauses, exclusivity agreements, or royalty structures, they cannot later claim ignorance or attempt to unilaterally modify the contract without legal justification. In recording contract negotiations, this principle is particularly relevant when determining obligations related to album releases, revenue sharing, and contract duration.

The case of *Nika Fishing Co. Ltd v. Lavina Corporation*² underscores the principle of freedom to contract. Nika Fishing, a Nigerian importer, entered into an agreement with Lavina Corporation, an Argentine company, which included a jurisdiction clause requiring disputes to be resolved in Argentina under Argentine law. When a dispute arose, Nika Fishing sought legal action in Nigeria, but the Supreme Court upheld the jurisdiction clause, affirming that parties are bound by the terms they freely accept. This case highlights the need for careful review of

² *Nika Fishing Co. Ltd. v Lavina Corporation* (2008) 16 NWLR (Pt.1114) 509.

contractual terms in pre-contractual negotiations, as courts will generally enforce voluntarily agreed-upon provisions unless they are illegal or grossly unfair.

2. Doctrine of Offer and Acceptance

The doctrine of offer and acceptance is a fundamental principle in contract law, establishing how agreements are formed. An offer is a clear proposal by one party to enter into a contract on specific terms, while acceptance is the unqualified agreement to those terms by the other party. A valid contract only exists when there is a definite offer, a corresponding acceptance, and mutual intention to create legal relations.

In pre-contractual negotiations, the exchange of offers and counteroffers shapes the final agreement. Artists and record labels, for instance, may negotiate deal terms through proposals and revisions before reaching a consensus. Until an offer is accepted, no binding contract exists, and either party can withdraw. However, problems arise when negotiations create an expectation of agreement, leading to disputes over whether a binding contract was formed.

In *Union Bank of Nigeria Plc v. Ogunsiji*³, the court ruled that no contract was formed when a bank auctioned a property but did not accept the highest bid. The case highlights that an offer alone does not create a contract, clear acceptance is necessary. This principle applies to music contracts, where deal terms must be explicitly agreed upon to avoid disputes.

3. Consideration and Mutual Obligations

Consideration and mutual obligations form the foundation of any valid contract, requiring both parties to exchange something of value. In recording contracts, labels typically provide financial advances, production resources, distribution channels, and promotional support. In

³ *Union Bank of Nigeria Plc v. Ogunsiji* [2013] 1 NWLR (Pt. 1334) 1

return, artists grant exclusive recording rights, commit to producing a specified number of albums, and agree to revenue-sharing terms. Without consideration, an agreement may lack legal enforceability.

During pre-contractual negotiations, the balance of obligations is a key point of discussion. Artists may seek higher advances or more favorable royalty splits, while labels negotiate for longer contract durations or broader rights to maximize their investment. Disputes often arise when one party perceives an imbalance in obligations, leading to renegotiations or contract breakdowns before signing. Clear and well-defined consideration terms help prevent misunderstandings and ensure contractual fairness.

In *Uwah v. Akpabio* (2014)⁴, the Nigerian Court of Appeal reaffirmed that valid contracts require mutual obligations. The case involved a dispute where one party failed to provide agreed consideration, leading to the contract being deemed unenforceable. This principle applies to recording contracts, emphasizing that both artists and labels must contribute value for the agreement to hold legal weight.

4. Good Faith and Fair Dealing

While Nigerian contract law does not impose a strict duty of good faith in negotiations, the principle of fair dealing plays a crucial role in ensuring transparency and honesty. Good faith refers to the expectation that parties will negotiate sincerely without misleading, coercing, or taking unfair advantage of each other. Although contracts are generally governed by their express terms, courts may intervene if bad-faith negotiations lead to unfair or deceptive agreements.

⁴ *Uwah v Akpabio* (2014) CLR 2(g) (SC).

In pre-contractual negotiations, the absence of a legal duty of good faith means that labels and artists must rely on clear contractual language and thorough due diligence. However, instances of misrepresentation, undue influence, or fraudulent inducement can render a contract voidable. For example, if a label falsely inflates projected earnings to persuade an artist to sign an unfavorable deal, the artist may later challenge the agreement on grounds of bad faith.

In *Derry v. Peek* (1889)⁵, the directors of a company falsely claimed in their prospectus that they had secured government approval to operate steam-powered trams. Investors who relied on this information sued for fraudulent misrepresentation. The court held that for fraud to be established, the false statement must have been made knowingly, recklessly, or without belief in its truth. Applying this to recording contracts, if a label knowingly misleads an artist about contract terms or revenue expectations, the artist may have legal grounds to challenge the contract. This case highlights the importance of honest disclosures in negotiations to ensure that agreements are fair and enforceable.

5. Doctrine of Privity and Third-Party Rights

The doctrine of privity of contract establishes that only the parties to a contract have rights and obligations under it. This means that third parties, such as managers, producers, or even family members, generally cannot enforce contract terms unless expressly included in the agreement. In recording contracts, artists often rely on managers or legal representatives during negotiations, but unless these third parties are explicitly granted rights in the contract, they have no legal standing to enforce or challenge its terms.

⁵ *Derry v Peek* (1889) LR 14 App Cas 337.

In pre-contractual negotiations, issues arise when third parties assume they have enforceable rights despite not being direct signatories. For example, a manager who negotiates a deal for an artist may believe they have a contractual right to a percentage of earnings, but unless the contract explicitly grants them such rights, they cannot enforce this expectation. Similarly, labels must be cautious when promising benefits to producers or songwriters who are not named parties to the agreement, as disputes may arise over their entitlements.

In *Dunlop v. Selfridge*⁶, the court ruled that only contract parties can enforce its terms. Dunlop sued Selfridge for selling tires below an agreed price, but since Selfridge was not a party to the original contract, the claim failed. Similarly, in recording contracts, managers, producers, or co-writers cannot enforce terms unless explicitly granted rights in the agreement, highlighting the need for clear contractual language.

3.1.2 Copyright Implications of Record Label Deals Under the Copyright Act 2022

In the music industry, the foundation of any recording contract lies in the rights an artist holds over their creative works and the extent to which these rights are transferred, licensed, or retained. Intellectual property rights, particularly copyright, define ownership, control, and economic benefits derived from music. The Copyright Act 2022 establishes legal provisions that govern these rights, ensuring clarity and fairness in contractual relationships between artists and record labels.

A significant challenge in pre-contractual negotiations is the lack of awareness among artists regarding the rights they possess and the implications of assigning or licensing them. Many artists unknowingly enter contracts that strip them of their intellectual property for little

⁶ *Dunlop Pneumatic Tyre Co Ltd v Selfridge & Co Ltd* [1915] UKHL 1.

compensation, while labels, seeking to secure their investments, often impose terms that may be exploitative or unclear. This imbalance has led to disputes over copyright ownership, royalty entitlements, and contract validity, underscoring the need for transparency in recording agreements.

By incorporating the provisions of the Copyright Act 2022, this discussion highlights the legal safeguards available to artists and the contractual obligations of record labels. Understanding copyright laws empowers artists to negotiate fairer deals and ensures that record labels operate within legally sound frameworks. Additionally, it addresses industry challenges such as royalty collection, contract enforcement, and digital distribution, which have become increasingly relevant in the modern music business.

This section, therefore, explores how intellectual property rights influence pre-contractual negotiations, the protections available under Nigerian law, and how legal awareness can lead to more equitable agreements. By examining ownership structures, assignment clauses, and revenue-sharing mechanisms, this study provides a comprehensive foundation for ensuring fairness in artist-label relationships within the Nigerian music industry.

1. Ownership and Control of Copyright in Recording Contracts

Ownership and control of copyright in musical works and sound recordings are central to record label agreements. The Copyright Act 2022 provides clear guidelines on these issues, ensuring that all parties understand their rights and obligations before entering into contractual agreements. This is one of the most critical aspects of recording contracts, as it determines who holds long-term control over the creative works, how revenue is shared, and what rights an artist retains after their contractual obligations end. The ability of an artist to financially benefit from

their work long after their relationship with a label has ended often depends on how ownership is structured in the initial agreement.

By default, Section 28⁷ states that the original author or composer of a musical work owns the copyright. However, recording contracts often shift this ownership depending on negotiated terms. Labels, as key financial investors in an artist's work, often seek ownership or exclusive rights to recordings in exchange for marketing, production, and distribution support. Section 29⁸ addresses scenarios where multiple contributors collaborate on a project, stating that copyright may be jointly owned unless a contract specifies otherwise. This is especially relevant in the context of bands, songwriting teams, or producer collaborations where rights need to be clearly allocated to prevent future disputes.

When an artist, producer, or songwriter is commissioned by a label under a work-for-hire arrangement, the label may hold the copyright from the outset. This means that the label, rather than the creator, owns the rights to exploit, license, and monetize the work. This has significant implications for artists, as it affects their ability to independently profit from their creations. Furthermore, Section 108⁹ of the Act distinguishes between musical works, which include melodies, harmonies, and lyrics, and sound recordings, which refer to the actual recorded performance. This distinction is crucial in determining whether an artist retains publishing rights while the label controls the master recordings, a factor that impacts royalty entitlements, licensing agreements, and long-term earnings.

2. Assignment and Licensing of Copyright in Record Deals

⁷ Copyright Act 2022, s 28.

⁸ Ibid, s 29.

⁹ Ibid, s 108.

Recording contracts typically involve the transfer of certain rights from the artist to the label, allowing the label to control aspects of distribution, monetization, and licensing. To ensure fairness, Section 30¹⁰ mandates that copyright assignments must be in writing and explicitly define the scope, duration, and geographical coverage of the transfer. This helps prevent ambiguity and future disputes over copyright ownership.

Additionally, Section 30(3)¹¹ introduces limitations on assignments, preventing unfair or indefinite transfers of rights. This ensures that artists do not permanently lose control over their creative works without equitable compensation or a chance to renegotiate terms in the future.

3. Economic Rights and Revenue Sharing

A major concern in recording contracts is the fair distribution of revenue generated from copyrighted works. Section 9¹² of the Act grants copyright holders exclusive economic rights, including reproduction, distribution, public performance, and digital transmission. These rights serve as the foundation for determining royalty structures and licensing fees in recording contracts.

Furthermore, Section 15¹³ guarantees that artists and labels receive equitable remuneration when their recordings are broadcasted or publicly performed. This provision reinforces the importance of transparent royalty-sharing agreements to protect the financial interests of both parties.

4. Licensing, Royalties, and Collective Management

¹⁰ Ibid, s 30.

¹¹ Ibid, s 30(3).

¹² Ibid, s 9.

¹³ Ibid, s 15.

To facilitate the fair distribution of royalties, the Act includes provisions for licensing and collective management. Section 88¹⁴ regulates the operations of Collective Management Organizations (CMOs), which are responsible for collecting and distributing royalties to copyright holders. This mechanism ensures that both artists and labels receive their fair share of earnings from public performances and licensing agreements.

Moreover, Section 89¹⁵ mandates compensation for rights holders whenever their copyrighted works are reproduced or used publicly. This provision plays a key role in ensuring that artists and labels receive fair compensation for their creative outputs.

5. Protection against Unfair Contract Terms

The Copyright Act 2022 contains safeguards designed to protect artists from exploitative contract terms. Section 30(3)¹⁶ mandates that assignments must explicitly outline the rights being transferred, ensuring full transparency. This prevents record labels from imposing vague or overly broad clauses that could disadvantage artists in the long run.

For those who find themselves in unfair agreements, Section 43¹⁷ provides enforcement mechanisms and legal remedies. This allows artists to challenge exploitative contracts and seek redress through appropriate legal channels.

6. Digital Rights and Online Distribution

¹⁴ Ibid, s 88.

¹⁵ Ibid, s 89.

¹⁶ Ibid, s 30(3).

¹⁷ Ibid, s 43.

With the rise of digital platforms, the Act introduces measures to address online distribution and piracy concerns. Section 24¹⁸ focuses on Digital Rights Management (DRM), protecting copyrighted works from unauthorized distribution in the digital space.

To combat piracy and unauthorized online use, Section 26¹⁹ allows copyright holders to take action against infringement. Additionally, Section 55²⁰ enables rights holders to request the takedown of infringing content from digital platforms, helping artists and labels protect their intellectual property online.

The Copyright Act 2022 serves as a critical legal framework for defining and regulating the copyright implications of record label deals. It ensures clarity in ownership, promotes fair revenue sharing, and provides protections against exploitative contracts while establishing legal remedies for rights holders. Understanding these provisions is essential for artists and record labels alike, allowing them to negotiate contracts that are both commercially beneficial and legally enforceable.

3.1.3 Fair Trade Protections under the FCCPA 2018 and Their Relevance to the Music Industry

The Federal Competition and Consumer Protection Act (FCCPA) 2018 was enacted to promote fair competition and safeguard consumer rights across various industries in Nigeria. While it primarily targets traditional commercial sectors, its provisions are also relevant to the Nigerian music industry, particularly in protecting artists from exploitative contractual arrangements with record labels, distributors, and digital platforms. The FCCPA establishes

¹⁸ Ibid, s 24.

¹⁹ Ibid, s 26.

²⁰ Ibid, s 55.

protections against unfair contract terms, misleading representations, anti-competitive practices, and abuse of bargaining power, all of which are common concerns in artist-label relationships.

A core issue in recording contracts is the potential for unfair, unreasonable, or unjust contract terms, which the FCCPA explicitly prohibits. Section 127(1)²¹ states that agreements must not be excessively one-sided, unfair, or unjust. In the music industry, this could apply to contracts that impose excessive royalty deductions, indefinite exclusive recording obligations, or exploitative revenue-sharing models that disproportionately favor record labels. Section 127(2)²² further clarifies that a contract is unfair if it creates an undue imbalance in favor of one party, is misleading, or if critical terms are not adequately disclosed to the artist.

Artists often enter recording contracts based on promises of career growth, financial advances, or promotional support, only to later discover that these representations were exaggerated or misleading. Section 125(1)²³ of the FCCPA prohibits false, misleading, or deceptive representations that could induce a party into an unfair agreement. This applies where record labels misrepresent expected album sales, streaming revenue, or promotional efforts to persuade an artist to sign a restrictive contract.

Many record labels operate in a manner that restricts competition by controlling distribution channels and limiting artists' ability to negotiate better deals. Section 59(1)²⁴ of the FCCPA prohibits agreements that distort competition, such as exclusive contracts that prevent artists from seeking alternative distribution or collaborations. Similarly, Section 62(1)²⁵ prohibits

²¹ Federal Competition and Consumer Protection Act 2018, s 127(1).

²² Ibid, s 127(2).

²³ Ibid, s 125(1).

²⁴ Ibid, s 59(1).

²⁵ Ibid, s 62(1).

agreements that force artists to sell or distribute their music through a single label or platform, limiting market access and reducing negotiating power.

The FCCPA also emphasizes transparency in commercial transactions, which is highly relevant in revenue-sharing agreements between artists and record labels. Section 88²⁶ mandates fair trade practices, ensuring that financial dealings, including royalty calculations, revenue distribution, and deductions, are disclosed clearly. Many Nigerian artists face hidden charges, unexplained deductions, and delayed payments, issues that could be challenged under these provisions.

For artists trapped in unfair contracts, the FCCPA provides mechanisms for enforcement and redress. Section 43²⁷ empowers the Federal Competition and Consumer Protection Commission (FCCPC) to investigate complaints, mediate disputes, and penalize exploitative record label practices. Additionally, Section 129(1)²⁸ allows artists to challenge contracts that attempt to waive their statutory rights or mislead them about their obligations.

The FCCPA 2018, though not originally designed for the music industry, provides critical safeguards against unfair contract terms, deceptive practices, and anti-competitive restrictions. As Nigerian artists increasingly seek fairer and more transparent recording deals, leveraging the FCCPA's provisions could help balance power dynamics in negotiations and ensure that artists receive equitable treatment in their commercial relationships. Understanding these legal protections is crucial for both artists and record labels to foster a music industry built on fairness, transparency, and sustainable growth.

²⁶ Ibid, s 88.

²⁷ Ibid, s 43.

²⁸ Ibid, s 129(1).

3.2 Institutional Framework Regulating Pre-Contractual Negotiations in Recording Contracts

Pre-contractual negotiations in recording contracts set the foundation for artist-label relationships, determining ownership rights, revenue-sharing structures, and contractual obligations. Given the complexity of these agreements and the potential for exploitation, various institutions play a crucial role in ensuring fairness, transparency, and legal compliance in the Nigerian music industry. These institutions include regulatory agencies, collective management organizations, industry associations, and the judicial system, all of which contribute to safeguarding artists' interests and maintaining industry standards.

The Nigerian Copyright Commission (NCC) is central to regulating copyright-related aspects of recording contracts, ensuring that ownership assignments, licensing agreements, and revenue distribution comply with the Copyright Act 2022. Collective Management Organizations (CMOs) such as the Copyright Society of Nigeria (COSON) and the Musical Copyright Society Nigeria (MCSN) also play a key role by overseeing royalty collection and distribution, ensuring that artists receive fair compensation for their creative works.

Beyond copyright regulation, industry associations and unions like the Performing Musicians Association of Nigeria (PMAN) advocate for fairer contract terms and provide artists with negotiation support. The Corporate Affairs Commission (CAC), under the Companies and Allied Matters Act (CAMA) 2020, ensures that record labels operate as legally registered entities, adding a layer of accountability in contractual dealings.

When disputes arise, the judicial system provides legal remedies for contract breaches, copyright infringements, and unfair business practices. Additionally, Alternative Dispute

Resolution (ADR) mechanisms, including mediation and arbitration, offer faster and more cost-effective ways to settle disputes without resorting to litigation.

This section examines the institutional framework that governs pre-contractual negotiations in recording contracts, highlighting the roles and responsibilities of these key institutions in shaping a more transparent and equitable music industry in Nigeria.

3.2.1 The Nigerian Copyright Commission (NCC)

The Nigerian Copyright Commission (NCC) is the primary regulatory body responsible for administering and enforcing copyright laws in Nigeria. Established under Section 77 of the Copyright Act 2022²⁹, the NCC plays a vital role in ensuring that recording contracts comply with copyright regulations and that artists' rights are protected throughout the negotiation process.

One of the NCC's key functions is to oversee copyright ownership and registration, providing a legal framework for determining who holds rights over musical works and sound recordings. This is crucial in pre-contractual negotiations, as disputes often arise regarding ownership and control of intellectual property. The NCC also plays a pivotal role in regulating copyright assignments and licensing agreements, ensuring that any transfer of rights from artists to record labels adheres to legal standards and includes fair compensation.

Furthermore, the NCC is instrumental in dispute resolution related to copyright issues in the music industry. It provides mediation and enforcement mechanisms to address cases of copyright infringement, royalty disputes, and unauthorized usage of copyrighted works. This function is particularly important in a landscape where artists may not fully understand the implications of contractual clauses related to their creative rights.

²⁹ Copyright Act 2022, s 77.

Another significant role of the NCC is its approval and regulation of Collective Management Organizations (CMOs), which are responsible for collecting and distributing royalties to rights holders. By ensuring that CMOs operate transparently and fairly, the NCC contributes to preventing exploitation of artists in contractual agreements and guaranteeing that they receive proper remuneration for their work.

Beyond enforcement, the NCC also engages in public awareness and education about copyright laws, helping artists and industry stakeholders make informed decisions before entering into contractual agreements. Through seminars, publications, and legal advisories, the Commission equips artists with the knowledge needed to negotiate better contract terms and safeguard their intellectual property rights.

The Nigerian Copyright Commission serves as a fundamental institution in regulating pre-contractual negotiations in recording contracts, ensuring that artists' copyrights are recognized, protected, and fairly compensated within Nigeria's evolving music industry.

3.2.2 Collective Management Organizations (CMOs)

Collective Management Organizations (CMOs) play a crucial role in ensuring that artists receive fair compensation for their works and have better negotiating power in pre-contractual discussions. CMOs, such as the Copyright Society of Nigeria (COSON) and the Musical Copyright Society Nigeria (MCSN), act as intermediaries between artists, record labels, broadcasters, and digital streaming platforms, overseeing the licensing and royalty distribution process. One of the most significant contributions of CMOs to pre-contractual negotiations is providing artists with an understanding of their royalty entitlements. Many artists enter negotiations without a clear grasp of the financial benefits they are entitled to, including

performance royalties, mechanical royalties, and digital streaming revenue. By offering transparency on these earnings, CMOs empower artists to demand fair contract terms that accurately reflect their contributions and potential revenue streams. Additionally, CMOs set standardized licensing fees and royalty structures, ensuring that music users, including record labels, streaming platforms, and event organizers, comply with industry standards. This prevents record labels from undervaluing artists' works during contract negotiations and helps artists negotiate higher advances, equitable revenue-sharing models, and favorable licensing agreements. CMOs also provide legal support and advocacy for artists, assisting them in reviewing contract terms to ensure they align with industry standards and copyright laws. Many artists, especially emerging ones, may be unaware of contractual loopholes that could limit their future earnings or tie them to unfavorable agreements. CMOs step in to provide legal guidance, representation, and even mediation services to resolve disputes before contracts are finalized. Moreover, CMOs act as watchdogs for contract compliance, monitoring whether labels and other music users adhere to agreed royalty payments and usage rights. This oversight ensures that artists are not exploited post-contract signing and that they receive continuous compensation throughout the duration of their agreements.

The role of CMOs in pre-contractual negotiations is further reinforced by the Copyright Act 2022: Section 88(1)³⁰ states that CMOs must be approved by the Nigerian Copyright Commission (NCC) and incorporated as companies limited by guarantee before they can legally operate. Section 88(2) (b)³¹ mandates that CMOs negotiate licenses, collect royalties, and distribute them to copyright owners, ensuring fair financial terms in artist-label contracts. Section

³⁰ Ibid, s 88(1).

³¹ Ibid, s 88(2)(b).

88(6) (b)³² gives the NCC power to review and approve tariffs set by CMOs, preventing exploitative royalty structures in contracts. Section 88(9)³³ allows CMOs to license works of non-members, provided there is no existing representation, ensuring fair compensation for all artists, including those negotiating independent or first-time recording contracts. Section 88(6)(c)³⁴ empowers the NCC to set conditions for the effective management of CMOs, ensuring transparency and preventing corrupt practices.

By advocating for artists' financial interests, providing legal assistance, and ensuring standardized licensing practices, CMOs significantly contribute to fairer and more transparent pre-contractual negotiations in the Nigerian music industry. Their role in protecting artists' rights ensures that recording contracts are structured equitably, with a clear financial roadmap that benefits both parties. This section examines the institutional framework that governs pre-contractual negotiations in recording contracts, highlighting the roles and responsibilities of these key institutions in shaping a more transparent and equitable music industry in Nigeria.

3.2.3 Industry Associations and Unions

Industry associations and unions play a crucial role in shaping the landscape of the Nigerian music industry, particularly in pre-contractual negotiations between artists and record labels. These organizations advocate for artists' rights, provide legal support, and establish ethical and professional standards to ensure fairness in contractual agreements. One of the most prominent bodies, the Performing Musicians Employers' Association of Nigeria (PMAN), serves as the official union for Nigerian musicians. Since its establishment in 1984, PMAN has been instrumental in protecting creative rights, mediating disputes, and setting industry-wide contract

³² Ibid, s 88(6)(b).

³³ Ibid, s 88(9).

³⁴ Ibid, s 88(6)(c).

standards. Through advocacy efforts, the association ensures that artists retain control over their works and receive fair compensation. It also provides platforms for resolving conflicts related to royalty payments and exploitative contract terms, thereby fostering more equitable artist-label relationships. Another key organization, the Association of Music Artiste Managers of Nigeria (AMAMN), focuses on professionalizing the role of artist managers, ensuring that they are well-equipped to negotiate favorable deals on behalf of artists. By organizing workshops, setting ethical guidelines, and offering mediation services, AMAMN enhances the ability of managers to secure contracts that align with industry best practices. Both PMAN and AMAMN contribute significantly to pre-contractual negotiations by empowering artists and managers with the knowledge and resources necessary to negotiate better terms, secure fair royalty rates, and avoid exploitative agreements. Their collective bargaining power strengthens the position of artists, reducing the power imbalance that often exists between them and record labels. These associations also provide access to legal and financial expertise, ensuring that artists fully understand the long-term implications of their agreements before signing. Ultimately, the presence of strong industry unions fosters a more transparent and professional music industry, where artists can thrive under contracts that respect their rights and contributions.

3.2.4 Judicial System & Legal Enforcement in Recording Contracts

The Nigerian judicial system plays a vital role in ensuring fairness and accountability in recording contracts by enforcing contractual obligations, resolving copyright disputes, and regulating unfair trade practices. Both artists and record labels rely on the courts to uphold agreements, clarify ownership rights, and address breaches of contract. Nigerian courts, particularly the Federal High Court, handle cases related to contract enforcement, copyright

protection, and fair competition, ensuring a balanced legal framework that protects all industry stakeholders.

3.2.4.1 Legal Recourse for Artists and Record Labels

1. Contract Enforcement

When a dispute arises over a recording contract, both artists and record labels have the right to seek legal enforcement. If a record label fails to pay royalties, alters agreed terms, or engages in bad-faith negotiations, an artist can file a lawsuit for breach of contract and damages. Conversely, labels can sue artists for contract violations, such as failing to deliver albums as stipulated or breaching exclusivity clauses. The courts provide legal remedies, including contract termination, compensation, or enforcement of obligations.

2. Copyright Disputes and Ownership Conflicts

Copyright disputes often arise when ownership rights are unclear or when either party misuses copyrighted material. The Copyright Act 2022 grants the Federal High Court exclusive jurisdiction over cases involving copyright infringement, ownership disputes, and unauthorized use of protected works. Labels rely on copyright protections to secure their investment in artists, while artists depend on the courts to prevent unlawful appropriation of their creative works.

3. Regulatory Actions against Unfair Contracts

The Federal Competition and Consumer Protection Commission (FCCPC), under the FCCPA 2018, ensures that recording contracts do not contain exploitative or deceptive terms. If an artist or label feels coerced into an unfair agreement, the FCCPC can review, amend, or

invalidate parts of the contract that violate fair trade practices. This protects artists from predatory contracts while safeguarding labels from unjustified claims of exploitation.

While the legal system provides remedies, litigation can be costly and time-consuming. Many industry players prefer Alternative Dispute Resolution (ADR) mechanisms such as arbitration or mediation, which offer faster and more cost-effective solutions. Contracts should include clear dispute resolution clauses to streamline conflict resolution without resorting to lengthy court proceedings.

The judicial system and regulatory agencies ensure that recording contracts uphold fairness for both artists and record labels. By enforcing contract law, copyright protections, and fair competition regulations, these institutions help maintain an industry where both parties can thrive. However, to avoid disputes, contracts should be clear, legally sound, and structured to balance the interests of both artists and labels. Seeking legal counsel before signing agreements and including dispute resolution mechanisms are crucial steps for a more stable and transparent industry.

3.3 Common Challenges and Loopholes in Ensuring Fair Pre-Contractual Negotiations

Despite efforts to promote fairness in recording contract negotiations, several persistent challenges continue to create imbalances between artists and record labels. These challenges often lead to exploitative agreements, financial disputes, and prolonged legal battles. While both artists and labels have legitimate interests, certain systemic issues undermine the ability of artists to secure fair terms and labels to operate without facing later claims of unfairness. The most significant challenges in Nigerian recording contract negotiations include power imbalance in

negotiations, hidden terms and legal complexity in contracts, lack of legal awareness, and the effectiveness (or lack) of legal advice in preventing exploitation.

1. Power Imbalance in Negotiations

One of the biggest hurdles in pre-contractual negotiations is the unequal bargaining power between artists and record labels. Labels typically have more financial resources, industry influence, and legal teams, while artists, especially emerging ones, often lack the same level of expertise or representation. As a result, record labels dictate most contract terms, leaving artists with little room to negotiate³⁵.

The desperation of many artists to secure a deal often makes them agree to unfavorable terms without fully considering the consequences. Labels may also present contracts as non-negotiable, leaving artists with a "take it or leave it" situation. This creates a system where artists, in pursuit of their big break, inadvertently sign away significant rights, including ownership of their masters, unfair revenue splits, or long-term exclusivity clauses. In contrast, record labels argue that their heavy investment in an artist's career, covering production, marketing, and distribution, justifies their demand for a higher share of royalties and long-term commitments.

A balanced negotiation process would require greater transparency and an industry standard for minimum artist protections, ensuring that both parties have a fair say in contractual terms. Regulatory intervention or the presence of independent negotiators could help bridge this power gap and create contracts that are equitable for both sides.

2. Hidden Terms and Legal Complexity in Contracts

³⁵ Babatunde Titilola, 'Control issues, fallout between Nigerian artists and record labels' *Punch Newspaper* (Lagos, February 2 2025) <https://punchng.com/control-issues-fallout-between-nigerian-artists-and-record-labels> accessed 10 February 2025

Another major challenge is the use of vague, overly complex, or hidden terms that disadvantage artists. Many contracts contain ambiguous language, making it difficult for artists to fully understand what they are signing. Some labels include hidden clauses related to recoupment, royalty deductions, ownership rights, and contract extensions that only become clear to artists after they have signed.

For example, some contracts grant labels ownership of master recordings "in perpetuity", meaning artists permanently lose control over their music. Others include automatic renewal clauses, effectively trapping artists in long-term agreements without renegotiation opportunities. Another common hidden term relates to royalty calculations, where labels deduct expenses for marketing, promotions, and distribution before paying artists their earnings. This can lead to situations where artists receive little to no income from successful albums due to excessive deductions.

These hidden terms benefit labels by maximizing financial returns and control over an artist's career, but they create future disputes when artists realize they have signed contracts that limit their creative and financial independence. The introduction of mandatory contract disclosure documents and standardized contract formats would help artists fully grasp their obligations before signing, reducing post-signing conflicts.

3. Lack of Legal Awareness

Many Nigerian artists enter contract negotiations without a proper understanding of contract law, copyright ownership, or revenue-sharing structures. This lack of awareness makes them vulnerable to exploitative agreements, as they fail to recognize critical terms that could

impact their earnings and rights. While record labels often have in-house legal teams, most artists do not, placing them at a significant disadvantage³⁶.

Without adequate legal knowledge, artists may not understand how contract provisions like recoupment, royalty splits, or licensing rights work. This often results in disputes when they later discover they are receiving less income than expected. Some artists assume that signing with a major label automatically ensures success, leading them to overlook contract details that could negatively affect them in the long run.

For a more equitable industry, there is a need for education and training programs that inform artists about their rights, contractual obligations, and financial entitlements. Organizations like PMAN and COSON should play a stronger role in providing workshops and legal resources to educate artists on what to look for in contracts.

4. The Effectiveness (or Lack) of Legal Advice in Preventing Exploitation

Seeking legal counsel before signing a recording contract is often considered a crucial safeguard against exploitation. However, in practice, this measure has proven ineffective in many cases due to multiple factors that undermine its impact. While legal advice should ideally help artists navigate complex contract terms and negotiate fairer agreements, many artists still find themselves bound by unfavorable and exploitative contracts despite consulting legal professionals. This raises questions about the accessibility, quality, and influence of legal advice in pre-contractual negotiations within the Nigerian music industry.

³⁶ Sarah Ordiah, 'Sounds and Songs: Evaluating The Balance Of Rights In Artistes And Record Label Arrangements' *mondaq* (Lagos, 6 October 2021) <https://www.mondaq.com/nigeria/copyright/1118816/sounds-and-songs-evaluating-the-balance-of-rights-in-artistes-and-record-label-arrangements#_ftnref19> accessed 3 February 2025.

One of the major reasons for this ineffectiveness is the financial barrier to obtaining quality legal representation. Many emerging artists, eager to secure a recording deal, often cannot afford professional legal services. As a result, they either sign contracts without legal review or rely on informal advice from friends or non-specialist lawyers who may not fully grasp the complexities of music industry contracts. Without specialized guidance, these artists unknowingly enter agreements that heavily favor the record labels, leading to long-term financial and creative restrictions.

Even when artists do seek legal assistance, the quality of legal counsel plays a significant role in determining its effectiveness. Some lawyers, lacking expertise in entertainment law, may fail to identify exploitative clauses, such as hidden recoupment fees, unfair royalty splits, indefinite exclusivity terms, and loss of master rights. Music contracts involve unique revenue-sharing models and intellectual property considerations, which require a deep understanding of industry practices. A general contract lawyer, unfamiliar with these specifics, may overlook critical clauses that could later restrict the artist's financial independence and career mobility.

Moreover, some record labels actively discourage artists from seeking independent legal advice by presenting contracts as non-negotiable or time-sensitive. This tactic pressures artists into making rushed decisions, leaving them little time to properly analyze the contract's terms. Some labels even provide in-house legal counsel to review the contract on the artist's behalf, which creates a conflict of interest since such lawyers ultimately serve the label's interests rather than the artist's welfare. In these situations, artists may feel powerless to challenge unfavorable clauses, believing they have no room for negotiation.

There have been notable cases where artists had legal representation but still ended up in exploitative contracts due to poor contract review or industry pressure. If a lawyer fails to

conduct a thorough examination of the agreement, they may miss red flags that could later lead to royalty disputes, contract lock-ins, or unfair revenue deductions. The problem is further exacerbated when artists, unaware of their rights, trust the record label's assurances over legal advice, assuming that the label has their best interests at heart.

To improve the effectiveness of legal counsel, artists must ensure that they consult specialized entertainment lawyers who have a strong grasp of Nigerian music industry standards. Industry associations, such as PMAN (Performing Musicians Association of Nigeria) and COSON (Copyright Society of Nigeria), should also establish affordable or free legal services to assist emerging artists in reviewing their contracts before signing. Additionally, implementing a mandatory contract review period, where artists have at least 14 to 30 days to analyze contract terms before finalizing the deal, could significantly reduce rushed decisions and allow proper legal scrutiny of agreements.

Ultimately, while legal advice is an essential safeguard in pre-contractual negotiations, its effectiveness depends on accessibility, expertise, and the willingness of artists to challenge unfair contract terms. By promoting affordable legal support, specialized contract reviews, and structured negotiation periods, the Nigerian music industry can foster fairer and more transparent recording agreements, benefiting both artists and record labels in the long run.

The challenges of power imbalance, hidden contract terms, legal ignorance, and ineffective legal advice continue to undermine fairness in recording contract negotiations. Addressing these issues requires greater transparency, legal education, and regulatory oversight to prevent exploitation while ensuring labels can fairly structure deals that protect their investments. By establishing clearer contract standards, providing accessible legal resources, and enforcing transparency in contract terms, Nigeria's music industry can create a fairer and more

sustainable artist-label relationship. Both artists and labels must advocate for balanced negotiations that foster mutual growth and long-term success.

3.4 Addressing Gaps in the Legal and Institutional Framework for Fair Pre-Contractual Negotiations

Despite the existence of various legal and institutional frameworks aimed at regulating artist-label relationships, significant gaps remain in ensuring fairness and transparency in pre-contractual negotiations. Many artists continue to find themselves in unfavorable contracts, citing issues such as hidden financial terms, lack of bargaining power, and inadequate legal protection. Record labels, on the other hand, often defend contract terms as necessary to secure their investments, yet disputes frequently arise due to poor contract clarity and financial transparency. These recurring conflicts indicate that existing safeguards have not been entirely effective in preventing exploitation or balancing the power dynamics in contract negotiations.

This section will critically examine these gaps and propose concrete reforms aimed at strengthening the legal and institutional framework for fair pre-contractual negotiations. By addressing weak contract enforcement, the lack of financial transparency standards, the need for industry-wide fair contract practices, and the role of regulatory oversight, this discussion will offer solutions to create a more equitable and sustainable artist-label relationship in Nigeria's music industry.

On paper, the solutions to these problems seem straightforward; greater transparency, stricter enforcement of regulations, and stronger legal protections for artists. However, in practice, filling these gaps requires serious and concerted effort from multiple stakeholders, including regulatory bodies, industry associations, record labels, and artists themselves. The lack

of structured oversight, industry-wide compliance, and effective enforcement mechanisms means that even well-intended legal provisions often fail to produce real change. Ensuring fairness in pre-contractual negotiations is not just about introducing new policies but also about building a culture of accountability and transparency within the Nigerian music industry. In this section, we will examine practical and enforceable measures that can be implemented to close these gaps, strengthen legal protections, and promote fairness in artist-label negotiations. Some of these measures include but not limited to:

1. Empowering Artists Through Education: A Key Solution to Unfair Pre-Contractual Negotiations

One of the most effective ways to address unfairness in pre-contractual negotiations is through comprehensive education for artists on their legal and financial rights. Many disputes between artists and record labels arise not necessarily because labels act in bad faith, but because artists lack the knowledge needed to fully understand the contracts they sign. Without proper education on contract law, copyright ownership, royalty structures, and financial obligations, artists are often left vulnerable to unfavorable contract terms, hidden clauses, and financial exploitation. This lack of awareness creates a significant power imbalance in negotiations, as labels, equipped with legal teams and financial experts, can draft contracts in ways that protect their interests while leaving artists at a disadvantage.

To bridge this gap, industry associations, regulatory bodies, and unions must play a more active role in educating artists. Organizations such as the Performing Musicians Employers' Association of Nigeria (PMAN), the Copyright Society of Nigeria (COSON), and the Nigerian Copyright Commission (NCC) have a responsibility to provide structured training programs for artists. These programs should include workshops, online courses, and advisory sessions that

teach artists about their contractual rights, revenue-sharing structures, and legal protections under Nigerian law. Furthermore, these bodies should establish dedicated legal support desks, where artists especially emerging ones, can receive free or subsidized legal advice before entering negotiations with record labels.

Beyond industry associations, record labels themselves should also adopt transparent pre-contractual disclosure policies. This would involve labels providing artists with clear, easy-to-understand summaries of contract terms before signing. Such disclosures should explicitly outline royalty splits, recoupable costs, contract duration, and intellectual property ownership, ensuring that artists fully grasp the implications of their agreements. In more structured music industries, such as in the United States and the United Kingdom, artist unions and music associations work closely with record labels to standardize contract terms and promote fair industry practices. A similar approach in Nigeria would foster better relationships between artists and labels while minimizing post-contract disputes.

Additionally, media platforms, artist management firms, and even law firms specializing in entertainment law should collaborate to create accessible educational content for artists. This could include podcasts, YouTube videos, and written guides that break down key legal and financial concepts in simple terms. With the rise of digital platforms, artists now have greater access to educational resources than ever before, but structured efforts must be made to deliver these materials in a way that resonates with artists at different career stages.

Ultimately, artist education is not just about protecting individual musicians, it is about creating a more transparent, fair, and sustainable music industry. When artists are well-informed, they enter negotiations with confidence, demand fairer terms, and reduce the likelihood of contractual disputes. At the same time, record labels benefit from reduced litigation risks and

better long-term artist relationships. By prioritizing education, industry stakeholders can take a significant step toward closing the gaps in pre-contractual fairness, ensuring that the Nigerian music industry thrives on equity, transparency, and mutual respect.

2. Industry Associations as Collective Bargaining Entities for Fairer Contract Negotiations

One of the key ways to address the power imbalance in pre-contractual negotiations is by strengthening industry associations to serve as collective bargaining entities for artists. In many developed music industries, unions and associations negotiate standardized contract terms on behalf of artists, ensuring fairer agreements, greater financial transparency, and better legal protections. However, in Nigeria, organizations such as the Performing Musicians Employers' Association of Nigeria (PMAN) have not yet fully realized their potential as an effective bargaining force in artist-label negotiations.

To strengthen PMAN's role as a collective bargaining entity, it must be restructured and empowered to actively negotiate minimum industry contract standards with record labels. This would include setting baseline royalty rates, intellectual property protections, and transparent financial reporting obligations, ensuring that artists do not enter into exploitative contracts without any institutional backing. By adopting standardized contract templates, PMAN can help create more balanced agreements and reduce the likelihood of prolonged legal disputes between artists and labels.

Another key measure is the establishment of an Artist Legal Support Fund, designed to provide financial assistance to artists facing legal battles over contract disputes. Many emerging artists lack the resources to challenge exploitative contracts in court, allowing record labels to enforce unfair terms without significant opposition. A legal defense fund, managed by an

independent industry body, would ensure that artists have access to specialized entertainment lawyers who can effectively represent their interests in contract negotiations and disputes.

For this initiative to succeed, PMAN must work alongside regulatory bodies like the Nigerian Copyright Commission (NCC), Collective Management Organizations (CMOs), and the Federal Competition and Consumer Protection Commission (FCCPC) to ensure that record labels adhere to fair contract negotiation practices. Additionally, collaborations with international music unions could help PMAN establish best practices for artist protection and improve industry-wide contract fairness.

By transforming industry associations into effective collective bargaining entities, the Nigerian music industry can create a more balanced, transparent, and equitable negotiation process, ensuring that artists and record labels engage in fair contractual relationships that benefit both parties.

3. Implementing Standard Clauses in Recording Contracts to Ensure Fairness in the Nigerian Music Industry

Ordinarily, a solution to the problem of unfair pre-contractual negotiations would be the introduction of standard form contracts, which provide a uniform template for all recording agreements. However, such an approach could have negative consequences, as the artist-label relationship is a complex arrangement with multiple moving parts. A rigid contract structure would fail to account for the diverse nature of recording deals, where factors such as an artist's bargaining power, career stage, and commercial viability influence contractual terms. Flexibility is essential in negotiations to ensure that contracts accommodate the specific needs of both parties.

At the same time, complete flexibility without any industry standards often leads to exploitative contracts, where labels, having more legal and financial expertise draft agreements that heavily favor their interests. Without clear legal constraints, artists may unknowingly agree to unfavorable clauses regarding royalty payments, rights ownership, contract duration, and revenue-sharing models. This lack of structure has historically led to numerous contract disputes in the Nigerian music industry.

The middle ground between standardized contracts and unrestricted flexibility is the introduction of standard clauses for certain fundamental contract terms. These standard clauses would ensure that all contracts, regardless of negotiated specifics, contain baseline protections that safeguard artists' earnings, intellectual property, and career growth, while also securing record labels' investments. Key areas where these standard clauses should be applied include royalty structures, rights reversion, financial transparency, contract duration, and termination conditions.

By establishing non-negotiable minimum protections, the Nigerian music industry can create a more transparent and balanced contractual environment, reducing disputes while still allowing flexibility for negotiation. This approach ensures that artists and record labels engage in fair agreements, ultimately fostering a more sustainable and legally sound industry.

The enforcement of standard clauses in recording contracts can be achieved through a hybrid approach that combines legislative reform with industry-driven initiatives. On the legislative front, the Nigerian government could amend existing laws, such as the Copyright Act 2022, or introduce new statutes specifically targeting recording contracts, thereby making the inclusion of standard clauses mandatory. Regulatory bodies like the Nigerian Copyright

Commission (NCC) and the Federal Competition and Consumer Protection Commission (FCCPC) would then have the authority to ensure compliance with these legal requirements.

Simultaneously, industry associations and unions such as PMAN (Performing Musicians Employers' Association of Nigeria) and COSON (Copyright Society of Nigeria) can advocate for the voluntary adoption of standard clauses through collective bargaining. By promoting industry-approved contract templates and providing legal advisory services, these organizations can help create a culture of transparency and fairness. Ultimately, a combined approach, where legal mandates provide the framework for standardization, and industry bodies drive practical implementation and enforcement will be most effective in ensuring that recording contracts protect both artists and record labels.

CHAPTER FOUR

LEGAL FRAMEWORK GOVERNING TRANSPARENCY IN ARTIST-LABEL RELATIONSHIPS

Transparency in artist-label relationships is critical for ensuring fair revenue sharing, contract enforcement, and financial accountability. However, Nigerian recording contracts often lack clarity, leading to disputes over royalties, rights ownership, and contract obligations. This chapter explores the legal and institutional framework governing transparency in the Nigerian music industry, focusing on existing regulations, industry practices, and case studies of artist-label disputes. It examines key areas such as royalty structures, revenue-sharing models, and the effectiveness of regulatory bodies in fostering transparency. The chapter further assesses emerging solutions, including digital innovations and policy reforms, aimed at strengthening financial accountability and contractual fairness in artist-label agreements.

4.1 Overview of the Legal Framework Governing Transparency in the Nigerian Music Industry

In Nigeria, the music industry is increasingly guided by a legal framework designed to foster transparency and fairness in artist-label relationships. The Copyright Act 2022 lays out clear guidelines on copyright ownership, licensing, and revenue-sharing, establishing the legal foundation for transparent contractual negotiations. Complementing this, the Companies and Allied Matters Act (CAMA) 2020 reinforces robust corporate governance and financial accountability among record labels, ensuring that business practices are conducted with clarity. Regulatory bodies like the Nigerian Copyright Commission (NCC), along with Collective Management Organizations (CMOs), work to enforce these provisions and promote consistent

industry standards. This section provides an engaging overview of the legal framework that supports transparency in Nigeria's music industry, highlighting how these statutes and institutions help create a more balanced and sustainable environment for both artists and record labels.

4.1.1 Enhancing Transparency in the Nigerian Music Industry: An Analysis of the Copyright Act 2022

The Nigerian music industry has long grappled with issues of financial opacity and exploitative contract terms that undermine fair artist-label relationships. In response, the Copyright Act 2022 has introduced several provisions aimed at fostering transparency and accountability. This essay examines the legal framework provided by the Act, focusing on key areas such as royalty distribution, collective management, contractual clarity, and dispute resolution, and discusses how these measures contribute to a more transparent and equitable industry.

One of the central aspects of transparency in the Copyright Act is its emphasis on royalty distribution and financial accountability. Under Section 27(1)(c)¹, the Act mandates that royalties be paid to the copyright owner or to an approved Collective Management Organization (CMO). This requirement ensures that all revenue generated from an artist's work is tracked and allocated according to a regulated system. Furthermore, Section 27(2)² stipulates that when multiple rights holders are involved, such as in collaborative musical works, royalties must be apportioned fairly, either through mutual agreement or according to the rules set by relevant CMOs. These

¹ Copyright Act 2022, s 27(1)(c).

² Ibid, s 27(2).

provisions are designed to prevent hidden deductions and mismanagement of funds, thereby safeguarding the financial interests of artists.

The role of Collective Management Organizations (CMOs) is further reinforced in the Act. Section 88(2)(b)³ explicitly requires CMOs to negotiate licenses, collect royalties, and distribute these earnings to copyright owners. In addition, Section 88(6)(b)⁴ grants the Nigerian Copyright Commission the power to review and approve the tariffs set by CMOs, ensuring that royalty structures remain fair and transparent. The Act also permits CMOs to license works for non-members under Section 88(9)⁵, broadening the scope of protection and ensuring that even independent artists are not left vulnerable to exploitative practices. Together, these measures ensure that CMOs serve as effective intermediaries in the financial ecosystem of the music industry.

Transparency is further enhanced through contractual clarity and stringent record-keeping requirements. Section 30(3)⁶ of the Act mandates that any assignment or exclusive license of copyright must be executed in writing. This requirement not only minimizes the risk of misinterpretation but also establishes a clear record of the rights transferred. Moreover, the Copyright Commission is empowered under Section 94⁷ to prepare and publish annual reports that detail its activities, including the oversight of licensing and royalty distribution. Such measures promote an environment where all contractual terms are documented and accessible, thereby reducing the scope for hidden or ambiguous clauses that could later lead to disputes.

³ Ibid, s 88(2)(b).

⁴ Ibid, s 88(6)(b).

⁵ Ibid, s 88(9).

⁶ Ibid, s 30(3).

⁷ Ibid, s 94.

Finally, the Act provides mechanisms for dispute resolution and legal recourse to further enforce transparency. Section 35(1)⁸ authorizes the Nigerian Copyright Commission to intervene in cases of market abuse, ensuring that unfair practices are rectified promptly. Moreover, provisions within the Act allow copyright owners to seek judicial intervention for infringement and contractual disputes. This legal recourse is essential in holding parties accountable and in reinforcing the transparent administration of royalties and rights management.

In conclusion, while the Nigerian music industry continues to face challenges related to transparency, the Copyright Act 2022 lays a robust legal foundation to address these issues. Through detailed provisions on royalty distribution, the regulation of CMOs, mandatory written agreements, and effective dispute resolution mechanisms, the Act aims to create a more transparent and fair environment for both artists and record labels. By enforcing these measures, the industry can reduce exploitation, ensure proper financial accountability, and promote sustainable growth.

4.1.2 The Role of CAMA 2020 in Ensuring Transparency in the Nigerian Music Industry

The Companies and Allied Matters Act (CAMA) 2020 plays a crucial role in promoting corporate governance, financial transparency, and accountability in the Nigerian music industry. Given the history of hidden royalty deductions, opaque contract terms, and financial mismanagement, compliance with CAMA's provisions helps foster trust and fairness in artist-label relationships.

Under Section 847⁹, CAMA requires record labels and music businesses to maintain accounting records for at least six years, ensuring a verifiable financial history is available for

⁸ Ibid, s 35(1).

⁹ Companies and Allied Matters Act 2020, s 847.

scrutiny. Additionally, Section 848¹⁰ mandates the submission of annual returns and audited statements of accounts to the Corporate Affairs Commission (CAC). These provisions ensure that artists can track earnings, royalties, and financial dealings more transparently.

For a record label to operate legally, it must be registered with the CAC, as required under Section 815¹¹. This process mandates full disclosure of ownership, business activities, and financial records, allowing artists to verify a label's legitimacy before signing contracts.

CAMA also addresses contractual transparency by ensuring that any contract signed before a company is fully incorporated must be ratified post-incorporation, as stated in Section 96(1)¹². This prevents labels from exploiting artists through informal or unenforceable agreements, ensuring both parties are legally protected.

To prevent financial fraud, Section 848(2)¹³ requires music labels and other industry entities to submit audited financial reports annually. This ensures that companies cannot engage in deceptive financial practices without oversight, reinforcing accountability in royalty payments and revenue-sharing.

By mandating business registration, financial disclosures, and contractual accountability, CAMA protects artists and ensures record labels operate transparently. Enforcing these provisions would significantly reduce financial exploitation and promote fairness in artist-label relationships, creating a more sustainable and transparent Nigerian music industry.

¹⁰ Ibid, s 848.

¹¹ Ibid, s 815.

¹² Ibid, s 96(1).

¹³ Ibid, s 848(2).

4.2 Institutional Framework Regulating Transparency in the Music Industry

Beyond legal provisions, the effectiveness of transparency in the Nigerian music industry depends on the institutions responsible for enforcing and monitoring industry practices. Regulatory bodies, industry associations, and collective management organizations (CMOs) play a crucial role in ensuring financial accountability, fair contract negotiations, and proper royalty distribution. Institutions such as the Nigerian Copyright Commission (NCC) oversee copyright compliance, while CMOs like COSON and MCSN are tasked with royalty collection and distribution to rights holders. Additionally, industry unions, including PMAN, serve as advocacy platforms for artists, negotiating fairer terms in recording contracts. However, despite their mandates, weak enforcement, corruption, and inefficiencies often undermine their effectiveness, leaving many artists vulnerable to exploitation.

This section explores the key institutions regulating transparency in the Nigerian music industry, analyzing their roles, challenges, and potential reforms to ensure a more accountable and fair music business environment.

4.2.1 The Role of the Nigerian Copyright Commission (NCC) in Ensuring Transparency in the Music Industry

The Nigerian Copyright Commission (NCC) plays a fundamental role in regulating, enforcing, and promoting transparency in the Nigerian music industry. As the primary governmental body responsible for copyright administration, the NCC ensures that recording contracts, royalty payments, and intellectual property rights are handled fairly and transparently.

Under Section 78¹⁴ of the Copyright Act 2022, the NCC is mandated to monitor and regulate copyright matters, enforce copyright laws, and investigate disputes related to copyright infringement. It also has the power to settle copyright disputes, create and maintain copyright registers, and provide access to documents that facilitate transparency in contractual agreements. These functions help ensure that both artists and record labels operate within a fair and accountable framework.

One of the NCC's most critical roles is ensuring fair royalty distribution. Section 27¹⁵ of the Act states that any person making a recording of a musical work must notify the copyright owner or an approved collective management organization (CMO) and pay royalties based on regulations set by the Commission. This prevents unauthorized use of music and ensures artists and labels receive fair compensation for their work.

Additionally, the NCC has enforcement powers to sanction non-compliant entities. It can impose administrative fines, institute legal actions, and even seize infringing works or financial records if a record label fails to comply with transparency requirements. These measures help protect artists from financial exploitation, hidden contract terms, and unfair royalty practices.

However, challenges persist. Despite its regulatory mandate, many artists still struggle with opaque contract terms and financial mismanagement due to weak enforcement mechanisms and industry corruption. Strengthening the NCC's oversight, introducing stricter penalties for non-compliance, and ensuring better access to copyright registration services could significantly enhance transparency in artist-label relationships.

¹⁴ Copyright Act 2022, s 78.

¹⁵ Ibid, s 27.

By enforcing copyright laws, ensuring fair royalty distribution, and regulating contractual agreements, the NCC serves as a key institution in fostering transparency and fairness in the Nigerian music industry. However, continued reforms and stricter enforcement are necessary to fully protect the rights of artists and record labels alike.

4.2.1 The Role of Collective Management Organizations (CMOs) in Ensuring Transparency in the Nigerian Music Industry

Collective Management Organizations (CMOs) play a critical role in ensuring transparency in the Nigerian music industry by negotiating licenses, collecting royalties, and distributing payments to copyright owners. CMOs serve as intermediaries between artists and users of copyrighted works, providing a structured system that ensures artists receive their due earnings while simplifying the licensing process for businesses, broadcasters, and digital platforms.

Under Section 88¹⁶ of the Copyright Act 2022, CMOs require approval from the Nigerian Copyright Commission (NCC) before they can operate legally in Nigeria. This regulation is designed to prevent fraudulent entities from collecting royalties without proper oversight, ensuring that artists' earnings are managed and distributed transparently. The Musical Copyright Society of Nigeria (MCSN) is the primary NCC-approved CMO in the Nigerian music industry, tasked with managing performing rights and music licensing agreements.

CMOs provide transparency by establishing standardized royalty collection and distribution processes. Instead of individual artists negotiating separate deals with multiple users, CMOs issue licenses on behalf of multiple rights holders, ensuring fair and consistent royalty

¹⁶ Ibid, s 88.

payments. This system minimizes financial exploitation and helps prevent unauthorized use of copyrighted works.

The Supreme Court case *MCSN v. Compact Disc Technology Limited & Ors* affirmed the locus standi of CMOs, ruling that MCSN has the legal right to bring actions for copyright infringement on behalf of copyright owners. This decision reinforces CMOs' role in enforcing copyright laws and protecting artists from revenue loss due to unauthorized usage ¹⁷.

Despite their benefits, challenges remain. Some artists have raised concerns about the transparency of CMO operations, including delays in royalty payments and unclear distribution methods. To enhance accountability, CMOs must adopt regular financial reporting, digital tracking systems for royalty collection, and artist-accessible financial records. Increased NCC oversight and industry-wide transparency standards would further strengthen the role of CMOs in creating a fairer, more financially accountable music industry.

4.3 Revenue Sharing, Royalty Structures, and Financial Accountability

When it comes to transparency in the music industry, a major issue is money or, as we commonly refer to it, revenue. While recording contracts are often framed as partnerships aimed at fostering artistic growth and creative development, at their core, they remain business arrangements designed to generate profit. The financial dynamics of these contracts determine how much artists, record labels, producers, and other stakeholders earn from recorded music.

However, lack of financial transparency, hidden royalty deductions, and unclear revenue-sharing models have long plagued artist-label relationships. Many artists enter contracts without fully understanding how their earnings are calculated, what expenses are deducted, and when

¹⁷ *Musical Copyright Society of Nigeria Limited/gte v Compact Disc Technology Limited & Ors* (2018) LPELR-46353(SC).

they will receive payments. In some cases, record labels and Collective Management Organizations (CMOs) fail to provide clear accounting records, leaving artists in the dark about the actual revenue their music generates.

This section examines the financial side of recording contracts, focusing on revenue-sharing structures, royalty distribution mechanisms, and the financial accountability measures or lack thereof, within the Nigerian music industry

4.3.1 Revenue and Royalties

In discussions about financial transparency in recording contracts, two terms that are often mistakenly used interchangeably are revenue and royalties. While both relate to the earnings generated from music, they represent different financial concepts that impact how artists, record labels, and other stakeholders receive payments. Understanding this distinction is crucial for ensuring fair and transparent financial agreements in artist-label relationships.

Revenue refers to the total income generated from an artist's music across multiple channels. This includes earnings from streaming, digital downloads, physical sales, live performances, merchandise, and licensing deals. Revenue represents the gross earnings before any deductions are made for expenses, profit-sharing, or royalty distributions.

Royalties, on the other hand, are specific payments made to rights holders (such as artists, songwriters, producers, and labels) as compensation for the use of their work. Unlike revenue, which is the total amount generated, royalties are the portion of that revenue allocated to different stakeholders based on contractual agreements. For example, a record label may collect all revenue from an artist's album sales and then distribute royalties based on the agreed percentage for the artist, producer, and songwriter.

To illustrate, if a song earns ₦10 million in total revenue from streaming, sales, and licensing, this amount is first received by the label or distributor. The royalties, which could be 10% to the artist, 5% to the producer, and 15% to the songwriter, depending on the contract, are then calculated and paid out accordingly. The key difference is that revenue is the total amount earned, while royalties represent the payments distributed from that revenue.

4.3.1.1 Types of Royalties in the Music Industry

Since royalties form the main source of earnings for artists, songwriters, and producers, understanding the different types of royalties is essential. Royalties in the music industry generally fall into four main categories:

1. **Mechanical Royalties** – Earned when a song is reproduced or distributed, such as through CDs, vinyl, digital downloads, or streaming services. These royalties are paid to songwriters and music publishers by platforms like Apple Music and Spotify.
2. **Performance Royalties** – Generated when a song is played publicly, whether on radio, television, live performances, or background music in venues. These are collected by Collective Management Organizations (CMOs) and distributed to songwriters, composers, and publishers.
3. **Synchronization (Sync) Royalties** – Paid when a song is licensed for use in films, TV shows, commercials, or video games. These royalties are typically negotiated on a case-by-case basis and provide one-time or recurring payments to the rights holders.
4. **Publishing Royalties** – These royalties are paid to songwriters and music publishers whenever their compositions are used. They can overlap with mechanical and performance royalties, but they specifically cover the rights to the song's composition (lyrics and melody), separate from the recording itself.

4.4 Case Law and Real-Life Industry Examples on Transparency Issues in the Nigerian Music Industry

Transparency within the Nigerian music industry has been a persistent concern, often leading to disputes between artists and record labels. Artists frequently allege that they are being shortchanged, citing issues such as unfair contract terms, opaque financial dealings, and withheld royalties. Conversely, record labels argue that they adhere to agreed-upon contracts and sometimes accuse artists of greed or non-compliance. This section delves into notable legal cases and industry examples that highlight these transparency challenges.

1. Kizz Daniel vs. G-Worldwide Entertainment

In 2017, popular artist Kizz Daniel (formerly known as Kiss Daniel) engaged in a legal battle with his former label, G-Worldwide Entertainment. The dispute arose when Kizz Daniel announced his departure from the label, alleging restrictive contract terms and lack of financial transparency. G-Worldwide, in response, claimed that the artist breached the terms of their agreement by terminating the contract prematurely and sought to prevent him from performing under the name "Kiss Daniel." The Federal High Court in Lagos eventually ruled in favor of Kizz Daniel, allowing him to continue his career independently under his new stage name¹⁸

2. Brymo vs. Chocolate City

Another prominent case involves Brymo, who in 2013 declared his exit from Chocolate City, citing issues related to contract terms and financial mismanagement. Chocolate City refuted his claims, stating that Brymo still had binding contractual obligations, including the delivery of

¹⁸ Babatunde Titilola, 'Control issues, fallout between Nigerian artists and record labels' *Punch Newspaper* (Lagos, February 2 2025) <https://punchng.com/control-issues-fallout-between-nigerian-artists-and-record-labels> accessed 15 February 2025.

additional albums. The label sought legal redress, obtaining an interim injunction to prevent Brymo from engaging in musical activities outside the contract's scope. The protracted legal battle underscored the complexities surrounding contract enforcement and the necessity for clear, transparent agreements between artists and labels¹⁹.

3. King Sunny Ade vs. African Songs Limited: A Landmark Case on Transparency in the Music Industry

The legal battle between King Sunny Ade and African Songs Limited remains one of the most significant cases in Nigeria's music industry, addressing issues of master recording ownership and unpaid royalties. The dispute arose when King Sunny Ade sought to reclaim his master tapes following the expiration of his five-year contract (1970–1975) with African Songs Limited. The label refused, leading to a prolonged legal fight that highlighted the importance of transparency in contractual agreements²⁰.

In 1997, King Sunny Ade sued the label and its subsidiary, Take Your Choice (TYC) Records, demanding ₦1 billion in damages for copyright infringement and breach of contract. The defendants countered, claiming that they retained ownership of the recordings and that the lawsuit was an abuse of judicial process.

In 2015, Justice James Tsoho of the Federal High Court, Lagos, ruled in favor of King Sunny Ade, awarding him ₦500 million in damages and ₦3 million in legal costs. The court also ordered the return of his master tapes. The defendants appealed, but in 2018, the Court of Appeal

¹⁹ Wikipedia contributors, 'Brymo' *Wikipedia, The Free Encyclopedia* (February 3 2025) <https://en.wikipedia.org/w/index.php?title=Brymo&oldid=1276202143> accessed 15 February 2025.

²⁰ Advocaat-Law, 'RHYTHM AND BLOWS: IDENTIFYING THE CONTRACTUAL FRAMEWORKS IN THE NIGERIAN MUSIC INDUSTRY' Advocaat-Law (Lagos, September 27 2024) <https://advocaat-law.com/wp-content/uploads/2024/10/RHYTHM-AND-RIFTS-IDENTIFYING-THE-CONTRACTUAL-FRAMEWORKS-IN-THE-NIGERIAN-MUSIC-INDUSTRY.pdf?utm> accessed 15 February 2025

upheld the ruling, reinforcing that ownership of the recordings had reverted to King Sunny Ade after the contract expired.

This case set an important precedent for artist-label relationships in Nigeria. It demonstrated the need for clear contracts outlining ownership rights, royalty structures, and transparency in financial dealings. It also reinforced the legal protections available to artists when their intellectual property rights are violated. The ruling serves as a warning to record labels against unfair contract practices and highlights the importance of transparency in revenue-sharing agreements.

4. Mercy Chinwo vs. EeZee Conceptz: A Dispute Over Transparency and Financial Accountability

In 2025, gospel artist Mercy Chinwo filed a legal complaint against her former record label, EeZee Conceptz, and its CEO, Ezekiel ThankGod (EeZee Tee), alleging fraud and financial mismanagement. She claimed that approximately \$345,000 in royalties from streaming platforms had been diverted without her consent. EeZee Tee, however, maintained that all financial dealings were legitimate and that Chinwo had received over \$625,000 while under contract²¹.

Chinwo signed a five-year contract with EeZee Conceptz in 2017, releasing several hit songs, including Excess Love. As her contract neared its end in 2022, tensions arose when she refused to extend it to twelve years. She alleged that this refusal led to verbal and emotional abuse, as well as a deterioration in their professional relationship.

²¹ Ogonna Annette Onwudiegwu, 'Copyright and Contract Law at the Forefront: Mercy Chinwo's Legal Dispute with Former Manager' *The IP Press* (Iagos, January 29 2025) <https://www.theippress.com/2025/01/29/copyright-and-contract-law-at-the-forefront-mercy-chinwo-s-legal-dispute-with-former-manager/> accessed 19 February 2025

The dispute escalated when Chinwo involved the Economic and Financial Crimes Commission (EFCC), accusing EeZee Tee of diverting her royalties. He was briefly detained but later released after transferring \$274,000 to Chinwo. EeZee Tee argued that this was a contractual dispute, not a criminal matter, and that Chinwo had diverted booking revenues into her personal account while still under contract.

Chinwo also claimed that when she requested a copy of her contract in 2020, she discovered that the signing date had been altered from 2017 to 2019, effectively extending its duration without her consent. EeZee Tee denied this, calling her allegations false²².

This case highlights major issues of transparency in artist-management relationships, emphasizing the need for clear financial records, fair royalty distribution, and properly documented contracts. As legal proceedings continue, it serves as a reminder of the importance of accountability and open communication in the Nigerian music industry.

5. Shallipopi and Muyeze vs. Dapper Music

Artists Shallipopi and Muyeze publicly accused Dapper Music of breaching contracts, exploitation, and lack of financial transparency. Allegations included mishandling of finances, non-payment of royalties, and imposition of unfavorable contract terms. Dapper Music refuted these claims, emphasizing their commitment to fair treatment and transparency. This case exemplifies the recurring issues of trust and accountability in artist-label relationships²³.

4.5 Addressing Gaps in the Legal and Institutional Framework for Transparency in Artist-Label Relationships

²² Ibid.

²³ Tomisin Farinola, 'Legal Analysis of the Dispute between Shallipopi, Muyeze, And Dapper Music' *The IP Press* (Lagos, December 16 2024) <https://elawyernigeria.com/legal-analysis-of-the-dispute-between-shallipopi-muyeze-and-dapper-music/> accessed 19 February 2025.

Transparency in artist-label relationships is not just a legal necessity but a fundamental requirement for ensuring fairness and sustainability in the Nigerian music industry. Over the years, disputes between artists and record labels have frequently arisen over hidden contract terms, opaque royalty structures, and financial mismanagement. While Nigeria has legal frameworks in place, such as the Copyright Act 2022 and the Companies and Allied Matters Act (CAMA) 2020), gaps in enforcement, regulatory oversight, and contract standardization continue to allow exploitation and financial opacity to thrive.

A common challenge is that many artists lack access to transparent financial records, making it difficult for them to track revenue generated from their music. Meanwhile, record labels argue that artists misunderstand industry-standard deductions, creating conflicts over earnings and royalty payments. Additionally, weak oversight of Collective Management Organizations (CMOs) raises concerns about delayed or unaccounted royalty distributions, further fueling mistrust within the industry. Without clear financial reporting requirements, standardized contract terms, and effective regulatory enforcement, disputes will continue to undermine artist-label relationships.

This section identifies key gaps in Nigeria's legal and institutional framework for transparency in the music industry and explores practical solutions to address them. By strengthening contract regulations, enforcing financial disclosure obligations, and improving CMO oversight, Nigeria can create a more accountable and equitable music industry where both artists and record labels can thrive.

1. Lack of Effective Contract Transparency Regulations

One of the biggest challenges in the Nigerian music industry is the absence of legal requirements compelling record labels to disclose full financial details to artists. While the Copyright Act 2022 and CAMA 2020 establish financial disclosure obligations for corporate entities, they do not impose specific mandates on record labels to provide transparent earnings reports. This leaves artists in a vulnerable position, often relying solely on the label's account of revenue without independent verification mechanisms. Many disputes between artists and record labels stem from unclear financial agreements, where artists are unsure of how much revenue their music generates or what deductions the label is making. Without legally binding transparency requirements, labels hold most of the financial power, while artists struggle to access critical financial information about their own work.

Other countries have implemented legal safeguards to improve financial transparency. In the UK, the Transparency Code of Practice for Music Streaming (2024) requires labels to give artists detailed revenue breakdowns, ensuring they understand how earnings are distributed²⁴. This policy makes it easier for artists to track their income and challenge discrepancies where necessary. In the US, the Music Modernization Act (MMA) mandates that digital platforms provide clear royalty reports, reducing hidden deductions. By implementing these policies, these jurisdictions help prevent financial exploitation and build trust between artists and industry stakeholders.

To prevent financial exploitation, record labels in Nigeria should be legally required to provide periodic financial statements to artists. These reports should include a clear breakdown of revenue from streaming, sales, and licensing, as well as any expense deductions such as

²⁴ Intellectual Property Office, 'Industry Transparency Code on Music Streaming announced by government' *Gov.Uk* (London, January 31 2024) <https://www.gov.uk/government/news/industry-transparency-code-on-music-streaming-announced-by-government?> accessed 19 February 2025.

marketing costs, advances, and distribution fees. Transparency in royalty calculations is equally important, ensuring that artists understand how much they are entitled to and how earnings are split between stakeholders. Without these disclosures, artists remain in the dark about their own financial standing, making disputes over revenue-sharing inevitable.

Regulatory bodies like the Nigerian Copyright Commission (NCC) and the Corporate Affairs Commission (CAC) should enforce these disclosure requirements, ensuring that financial transparency clauses become standard in recording contracts. Additionally, artists should have the legal right to request independent audits to verify earnings and hold labels accountable. If properly enforced, these measures would reduce conflicts, strengthen trust, and promote fairness in Nigeria's music industry, ensuring that both artists and record labels operate transparently.

2. Absence of Standardized Industry Guidelines for Contracts

In Nigeria's music industry, the lack of standardized contractual guidelines has led to a landscape where artists often enter agreements without fully understanding the implications, resulting in disputes and feelings of exploitation. This absence of uniformity means that contracts can vary widely in terms, often lacking clarity on critical issues such as revenue sharing, intellectual property rights, and termination conditions. Without a standardized framework, artists may find themselves bound to unfavorable terms, while labels face accusations of unfair practices, leading to a strained artist-label relationship.

In contrast, other countries have implemented measures to promote transparency and fairness in the music industry. For instance, the United Kingdom introduced the Voluntary Code of Good Practice on Transparency in Music Streaming in 2024²⁵. This code, developed collaboratively by

²⁵ Intellectual Property Office, 'UK Voluntary Code of Good Practice on Transparency in Music Streaming' *Gov.Uk* (London, January 31 2024) <https://www.gov.uk/government/news/industry-transparency-code-on->

industry stakeholders, sets out agreed standards for contracts, licensing deals, royalty payments, and communication with music creators. Its primary aim is to foster trust and ensure that all parties have a clear understanding of their rights and obligations, thereby reducing conflicts and promoting a healthier industry environment.

To address these challenges in Nigeria, it is imperative to develop standardized contract templates that provide clear guidelines on essential aspects such as royalty structures, intellectual property rights, and termination clauses. These templates should be adaptable to reflect the unique cultural and operational nuances of the Nigerian music scene. By establishing such standardized guidelines, the industry can ensure that all parties have a mutual understanding of their roles and expectations, leading to more equitable and transparent artist-label relationships.

3. Leveraging Blockchain Technology for Transparent Revenue Tracking in Nigeria's Music Industry

The Nigerian music industry has long grappled with issues of financial transparency, particularly concerning revenue tracking and royalty distribution. Artists frequently express concerns over opaque accounting practices, delayed payments, and potential mismanagement of funds. These challenges often stem from manual record-keeping systems, the involvement of multiple intermediaries, and a lack of standardized processes, all of which can lead to disputes and erode trust between artists and record labels.

Blockchain technology offers a promising solution to these challenges by providing a decentralized, transparent, and immutable ledger system. By recording every transaction and play count on a blockchain, all stakeholders, including artists, producers, and labels, can access

[music-streaming-announced-by-government?](#) accessed 19 February 2025.

real-time data on how revenues are generated and distributed²⁶. This transparency ensures that artists receive their fair share promptly and accurately, as every stream, download, or purchase is logged and visible to authorized parties. Moreover, the use of smart contracts can automate royalty payments, triggering disbursements immediately when predefined conditions, such as a certain number of streams or sales, are met²⁷. This automation reduces administrative overhead and minimizes the potential for human error or intentional withholding of funds.

Implementing blockchain in Nigeria's music industry would involve developing a centralized blockchain platform where all music-related transactions are recorded. Artists and labels would register their works on this platform, ensuring that each piece of content has a unique identifier linked to its creators and rights holders. As consumers engage with the content through streaming or purchases, these interactions are logged on the blockchain, and smart contracts automatically calculate and distribute royalties based on the agreed-upon terms. This system not only enhances trust and transparency but also provides a verifiable audit trail, which is invaluable during disputes or audits.

Adopting blockchain technology aligns with global trends where the music industry is increasingly leveraging digital solutions to address longstanding issues. For instance, platforms like Audius have emerged, allowing artists to publish their music directly to fans without intermediaries, ensuring they retain a larger share of the revenue generated. Similarly, initiatives like Mycelia, founded by artist Imogen Heap, utilize blockchain to manage and monetize music

²⁶ Charles M. Asenye and Others, 'Blockchain Technology: A Veritable Tool For Combating Music Piracy In The Nigerian Music Industry' [2024](17) *Awka Journal of Research in Music and the Arts*<https://www.nigerianjournalsonline.com/index.php/ajrma/article/download/5123/4981> accessed 19 February 2025.

²⁷ Adeleke Ayobami, 'How Blockchain Technology is Revolutionizing Audit and Control in Information Systems' *Isaca.Org* (Illinois, October 31 2024) <https://www.isaca.org/resources/news-and-trends/industry-news/2024/how-blockchain-technology-is-revolutionizing-audit-and-control-in-information-systems> accessed 19 February 2025.

rights, giving artists more control over their creations²⁸. By embracing such technologies, Nigeria's music industry can position itself at the forefront of innovation, ensuring that artists are fairly compensated and that the industry's growth is both sustainable and equitable.

In conclusion, integrating blockchain technology into Nigeria's music industry presents a viable pathway to resolving persistent issues related to revenue tracking and financial transparency. By providing a secure, transparent, and efficient system for recording transactions and automating payments, blockchain can rebuild trust between artists and record labels, fostering a more collaborative and prosperous music ecosystem.

CHAPTER FIVE:

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Summary of Findings

The Nigerian music industry has experienced rapid growth over the past two decades, establishing itself as a dominant force in Africa's entertainment sector. With the rise of digital streaming platforms, international collaborations, and increased investment, Nigerian artists and record labels have gained significant global recognition. However, despite this expansion,

²⁸ Betül Yazar Koçer, 'Paradigm shift in the music industry: Adaptation of blockchain technology and its transformative effects' [2023](6)(4) *JOURNAL OF ARTS*
https://www.researchgate.net/publication/375154949_Paradigm_shift_in_the_music_industry_Adaptation_of_blockchain_technology_and_its_transformative_effects accessed 19 February 2025.

recording contracts have remained a source of contention, with frequent disputes over exploitative terms, financial opacity, and contractual imbalances. While multiple factors contribute to these challenges, this dissertation focused on two critical aspects: pre-contractual negotiations and transparency in artist-label relationships. Pre-contractual negotiations shape the foundation of recording agreements, often dictating the power dynamics between artists and labels, while transparency influences the long-term sustainability of these contracts, particularly in financial accountability and royalty distribution. By examining these issues, the study sought to uncover the root causes of industry disputes, assess existing legal protections, and propose solutions for a fairer contractual framework.

The research began with a general introduction to the study, outlining the background, objectives, and significance of the topic. It traced the evolution of recording contracts in Nigeria from traditional physical distribution models to digital platforms, demonstrating how shifts in technology have altered the way contracts are structured and enforced. The study identified a central problem: the imbalance in recording agreements, where artists frequently find themselves in long-term contracts with limited financial benefits and restrictive creative control. This led to key research objectives, including an analysis of legal frameworks governing recording contracts, an evaluation of the role of negotiation in protecting both artists and labels, and an exploration of mechanisms for improving transparency. The study adopted a doctrinal legal research approach, examining statutory provisions, case law, and real-life contract disputes in the Nigerian music industry.

A detailed conceptual analysis of recording contracts was undertaken, defining their essential components and highlighting key clauses such as royalty structures, advance payments, intellectual property ownership, exclusivity, and contract duration. The research examined the

justifications for these terms from both the artist's and the record label's perspectives, revealing that while artists seek creative and financial independence, record labels prioritize investment security and long-term profitability. The study also explored the general principles of contract law, particularly the doctrine of freedom of contract, and how it applies within the music industry. However, it was noted that this principle often works against artists who lack the bargaining power to negotiate favorable terms. The analysis of pre-contractual negotiations further revealed that factors such as market conditions, industry norms, and legal awareness play a significant role in determining the final terms of a contract. Theoretical perspectives, including bargaining power theory and information asymmetry theory, were used to explain why emerging artists are more likely to sign unfavorable contracts.

The study then examined the legal and regulatory frameworks governing recording contracts in Nigeria, assessing the effectiveness of statutory and institutional oversight. The Nigerian Copyright Act was analyzed as the primary legal instrument protecting artists' rights, alongside the Federal Competition and Consumer Protection Act, which provides a broader consumer protection framework that could be applied to unfair contractual terms. The role of institutions such as the Nigerian Copyright Commission (NCC) and the Copyright Society of Nigeria (COSON) was critically evaluated, with findings indicating that while these bodies play an important role in intellectual property protection, they lack sufficient enforcement mechanisms to regulate contract fairness effectively. A comparative analysis with international best practices revealed that stronger regulatory interventions, such as mandatory contract disclosure requirements and standard royalty agreements, could help bridge the existing legal gaps.

A major focus of the research was transparency in artist-label relationships, particularly concerning financial accountability. One of the most common complaints from artists is the lack of clear information on royalty calculations, revenue streams, and contract compliance, which often results in disputes over earnings. The study found that Nigerian recording contracts rarely provide standardized financial reporting mechanisms, leaving artists dependent on the labels' discretion for revenue breakdowns. This issue is compounded by the rise of streaming platforms, where complex revenue-sharing models make it difficult for artists to track their earnings accurately. The study explored various solutions to enhance transparency, including contractual clarity, independent audits, and the use of digital tracking technologies such as blockchain-based royalty systems. It was argued that implementing these mechanisms would not only protect artists from financial exploitation but also benefit record labels by fostering trust and long-term partnerships.

Overall, the research demonstrated that while recording contracts are essential for structuring artist-label relationships, imbalances in bargaining power, weak regulatory oversight, and financial opacity continue to undermine fairness in Nigeria's music industry. The study underscored the need for legal and institutional reforms that prioritize fair contract terms, improved transparency, and the adoption of technology-driven solutions to ensure accountability. By addressing these issues, Nigeria's music industry can create a more sustainable and equitable environment where both artists and record labels can thrive.

5.2 Recommendations

The rapid growth of the Nigerian music industry has not been matched by necessary legal and institutional reforms to ensure fair and transparent recording contracts. This study has revealed that many artists continue to face contractual exploitation due to power imbalances in

negotiations, lack of transparency in revenue distribution, weak enforcement of legal protections, and the absence of standardized industry practices. While record labels require financial safeguards to protect their investments, the lack of clear and enforceable legal frameworks has resulted in long-term disputes and mistrust between artists and labels. The future of the Nigerian music industry depends on ensuring a fairer contractual environment that benefits both parties. The following recommendations, based on the findings of this research, provide a framework for achieving contractual fairness and sustainability in the Nigerian music business.

A major step toward achieving fairness in recording contracts is strengthening legal protections and introducing standardized contract structures. The Copyright Act 2022 provides a basic framework for protecting intellectual property rights, but it does not adequately regulate the fairness of contract terms such as royalty structures, contract duration, and rights reversions. Legislative amendments or industry-specific policies should mandate minimum disclosure requirements, prevent excessively long contract durations, and ensure artists retain a fair share of their revenue. Many advanced music markets, such as the United Kingdom and the United States, have laws that prevent labels from indefinitely controlling artists' intellectual property, and Nigeria must follow suit by implementing similar protections. The adoption of standardized recording contract templates, developed through collaboration between record labels, artist unions, and legal professionals, will ensure that fundamental clauses such as royalty splits, revenue-sharing structures, and contract exit strategies are clearly defined and fair to both parties.

One of the biggest challenges artists face in contract negotiations is the imbalance in bargaining power. Record labels, due to their financial strength and industry dominance, often impose rigid terms that artists have little power to contest. Strengthening industry associations as collective bargaining entities will provide artists with greater negotiating leverage. Organizations

such as the Performing Musicians Association of Nigeria (PMAN) and the Association of Music Artiste Managers of Nigeria (AMAMN) should take on a more active role in negotiating industry-wide standards for fair contract practices. These associations should advocate for artists, provide legal assistance, and serve as intermediaries in contract disputes, similar to how labor unions negotiate collective agreements on behalf of employees. If properly empowered, these associations can level the playing field and ensure that artists are not left to negotiate contracts in isolation against more powerful record labels.

Lack of financial transparency remains one of the most contentious issues in artist-label relationships. Many artists struggle to verify their earnings from streaming platforms, live performances, and licensing deals due to undisclosed revenue streams and complex royalty calculations. A critical reform is the introduction of mandatory royalty audits and transparent accounting systems. Labels should be legally required to provide artists with regular, itemized royalty statements that detail earnings, deductions, and revenue sources. Additionally, an independent regulatory body should be established to oversee royalty payments, ensuring that all financial transactions are properly accounted for. The introduction of blockchain-based royalty tracking systems could also provide a tamper-proof, transparent method for monitoring revenue streams in real time, preventing financial mismanagement and disputes over earnings.

The absence of standardized contract provisions has led to widely varying contract terms, many of which unfairly favor record labels. Implementing standard clauses in recording contracts will help create a more predictable and equitable contractual environment. These clauses should include royalty transparency provisions that mandate full disclosure of revenue streams, reasonable contract duration limits to prevent labels from indefinitely controlling an artist's career, intellectual property reversion clauses that allow artists to regain ownership of

their master recordings after a set period, and termination and renegotiation rights that provide artists with an opportunity to revisit unfair terms under changed circumstances. Standardizing these elements will ensure that all contracts adhere to fundamental principles of fairness while still allowing flexibility for negotiation based on the specifics of each deal.

Technology offers a powerful solution for improving transparency and contract enforcement in the music industry. The increasing shift toward digital streaming platforms has changed the revenue structure of the industry, but many artists remain unaware of how much they earn from these platforms. Leveraging technology, particularly blockchain-based revenue tracking and smart contracts, can significantly enhance financial transparency. A blockchain system would ensure that all royalty payments are recorded in real time, allowing artists to track their earnings and verify payments. Smart contracts, which automatically execute financial obligations based on pre-defined terms, could eliminate delayed payments and ensure that revenue is distributed fairly without third-party interference. The adoption of these technologies would minimize disputes over unpaid royalties and increase trust between artists and record labels.

A major reason why artists continue to sign exploitative contracts is the lack of education on contract law and financial management. Many musicians, especially emerging artists, enter into agreements without fully understanding the long-term implications of the terms they accept. There is an urgent need for widespread legal and financial literacy programs targeted at artists. Industry bodies, law schools, and entertainment lawyers should collaborate to create educational initiatives that teach artists about their contractual rights, revenue entitlements, and negotiation strategies. This can take the form of workshops, online courses, and contract review services that empower artists to make informed decisions. Additionally, regulatory frameworks should require

that artists receive independent legal counsel before signing any recording contract, ensuring they fully understand their obligations and rights. A more informed artist community will lead to fewer disputes and stronger contractual relationships in the industry.

The Nigerian music industry has the potential to set a precedent for fair contractual practices across Africa, but this will only be possible if the legal and institutional structures governing recording contracts are strengthened. Strengthening legal protections, empowering industry associations, enforcing financial transparency, implementing standardized contracts, leveraging technology, and improving legal education are essential steps toward creating a balanced and sustainable industry. If these recommendations are effectively implemented, the persistent disputes between artists and record labels will be significantly reduced, fostering a more transparent and equitable music business in Nigeria. A fair recording contract system will not only benefit artists by ensuring that they receive appropriate compensation and control over their work, but it will also protect record labels by reducing contract disputes and enhancing long-term artist-label collaborations. Through these reforms, Nigeria's music industry can continue its growth trajectory while ensuring that all stakeholders operate in a legally sound and financially transparent environment.

5.5 Areas for Further Studies

While this research has provided a comprehensive analysis of Nigerian recording contracts in the digital era, several areas require further exploration to deepen understanding and improve industry practices. One key area for future research is the impact of emerging

technologies on contract enforcement and revenue distribution, particularly the role of blockchain, smart contracts, and artificial intelligence in ensuring financial transparency and automating royalty payments. As digital innovations continue to reshape the global music industry, studies examining their practical application in Nigeria could provide valuable insights into improving artist-label relationships.

Another crucial area is the effectiveness of Nigeria's legal and institutional frameworks in resolving artist-label disputes. Although this study has assessed existing laws and regulatory bodies, further research could focus on judicial interpretations of recording contracts, the efficiency of dispute resolution mechanisms, and the role of arbitration in settling contractual conflicts. This would provide a clearer picture of how well Nigerian courts and industry regulators protect the rights of both artists and record labels.

Additionally, further studies should investigate the effectiveness of collective bargaining by industry associations in negotiating fairer recording contracts. While this research has proposed strengthening industry unions such as PMAN, future work could analyze successful collective bargaining strategies in other industries or jurisdictions and how they can be adapted to Nigeria's music sector.

Finally, research into gender disparities in Nigerian recording contracts would provide valuable insights into whether female artists face unique contractual challenges compared to their male counterparts. Examining issues such as pay gaps, creative control, and contractual obligations based on gender could highlight areas where further legal and industry reforms are needed to promote inclusivity and fairness in the Nigerian music business.

By addressing these areas, future studies can build on this research to create a more equitable, transparent, and globally competitive Nigerian music industry.

5.6 Conclusion

The Nigerian music industry has experienced tremendous growth in the digital era, positioning itself as a global powerhouse. However, despite this progress, recording contracts remain a major source of conflict between artists and record labels due to imbalances in bargaining power, lack of transparency in financial dealings, and weak legal protections. This research has critically examined these issues, focusing on pre-contractual negotiations and transparency in artist-label relationships, while also assessing the legal and institutional frameworks governing recording contracts in Nigeria.

The study has demonstrated that recording contracts in Nigeria are often structured in ways that heavily favor record labels, with artists frequently entering into agreements without fully understanding the legal and financial implications. The lack of standardized contracts, unclear royalty structures, indefinite contract terms, and limited financial accountability have resulted in numerous disputes, many of which have escalated into legal battles. While the Copyright Act 2022 and the Federal Competition and Consumer Protection Act 2018 provide some level of legal protection, enforcement mechanisms remain weak, leaving artists vulnerable to exploitation.

To address these challenges, this research has proposed several reforms, including the introduction of mandatory contract disclosure requirements, industry-standard recording agreements, independent royalty audits, and the use of blockchain technology for revenue tracking. Strengthening industry associations and establishing collective bargaining mechanisms

have also been identified as crucial steps toward ensuring fairer contract negotiations. Additionally, the study has emphasized the importance of legal education for artists, ensuring that they have the necessary knowledge to negotiate better deals and protect their intellectual property.

Ultimately, a more balanced contractual framework is essential for the sustainability of Nigeria's music industry. Fair recording contracts will not only protect artists from exploitation but also provide record labels with a structured and transparent system that fosters long-term partnerships. By implementing the recommendations outlined in this research, Nigeria can create a legal and industry environment that promotes trust, accountability, and fairness, ensuring that both artists and record labels can thrive in the ever-evolving global music landscape.

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