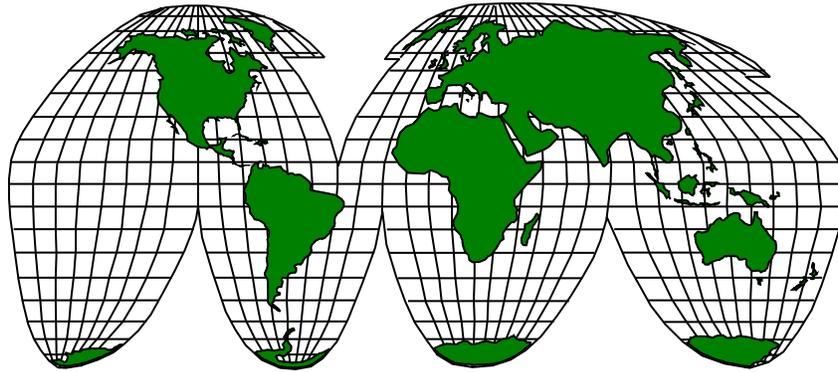


THE ECPA INTERNATIONAL RIGHTS GUIDE

REVISED & UPDATED 1999



General guidelines on conducting business for international publishing rights with U.S. based publishers who are members of the Evangelical Christian Publishers Association (ECPA)

Insert ECPA Logo

THE ECPA INTERNATIONAL RIGHTS GUIDE

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The Evangelical Christian Publishers Association (ECPA) is an international, not for profit, trade organization serving its industry by promoting excellence and professionalism, sharing relevant data, stimulating Christian fellowship, raising the effectiveness of member houses, and equipping them to meet the needs of the changing marketplace.

The ECPA International Rights Managers Association is comprised of rights professionals from ECPA member Publishers based in the U.S. Their goal is to increase the number of international publishing rights contracted to Publishers outside the U.S., as well as develop their profession through continuing education.

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INTRODUCTION TO THIS GUIDE

When you find a book you are interested in translating, often the question arises: *How can we acquire the right to translate and publish this work?* The purpose of this guide is to provide pertinent information to answer this question when you are dealing with publishers who are members of the Evangelical Christian Publishers Association. However, keep in mind the information contained is general in nature and may vary slightly for each company.

Publishers in the United States receive many requests from other publishers seeking permission to translate and produce their books in international editions. To aid in the process, we will outline standard procedures that will help other publishers inquire about and obtain the rights available for a title. ~~By following~~ these procedures, ~~you~~ will enable clear communication, minimize misunderstanding, and facilitate an appropriate response to a request for publishing rights.

To understand how to acquire publishing rights, you must first understand copyright. Copyright is the protection given to the person who has created the text of a book. Once an idea has been produced in tangible form, the owner has the sole right to copy the work, or to allow others to copy it. As with other property, copyright can be divided and licensed to several parties concurrently (at the same time).

An author, as the creator of the work, commonly retains ownership to their work, but grants their publisher the exclusive right to publish and distribute the work. In cases where the author has granted these rights to their publisher, the publisher becomes the “proprietor”, or rightsholder, of the work. (Occasionally, the author or author’s agent may be the proprietor of the work instead of the publishing company.) The proprietor usually also has the right to negotiate for other language editions on the author’s behalf or appoint a sub-agent to negotiate the rights. In summary, the author retains the copyright, but the proprietor has the authority to make foreign-language contracts or give permission for foreign-language rights.

In our global world, most nations have signed international agreements to give copyright protection to books produced not only in their own country and language, but also in other countries that are part of the international agreement. It is therefore a legal requirement in most nations to get copyright permission before using material from the owner’s work or translating and/or producing another edition.

The first step in determining who holds the rights is to contact the International Rights Department of the originating publisher. They will verify whether they control the translation rights (if they are the proprietor), or they will provide the name and address of the proprietor. If they control the rights, they will then inform you whether or not the rights are available for your language.

Proprietors like to know their potential contractual partners. Even when requesting a reading copy of a book, you should include information about your company. A large part of international publishing is based on developing a working relationship between the two parties, so it is important that you be as clear as possible when communicating with the proprietor. Throughout this guide, we have attempted to provide tools to build a foundation for strong working relationships among publishers in the international community.

➔ **IMPORTANT NOTE:** *This guide will refer to the U.S. originating publisher as the “proprietor”, because it is assumed that they control the rights. It will refer to you, the publisher who is obtaining the rights, as the “international publisher” or “publisher”.*

CHAPTER 1

GENERAL PROCEDURES

This section will tell you how to obtain review copies and translation rights from the “proprietor” of the work. This information may vary slightly for each proprietor you work with, but following these general guidelines will help your request be processed as quickly as possible.

“I’M INTERESTED IN A TITLE, SO WHAT DO I DO?”

If you find a title you are interested in, write the proprietor (by mail, fax, or email) to ask if they control foreign rights and if the rights for your language are still available.

Do not begin translation or any other preparation to publish the work before you have secured written permission. Securing permission usually takes longer than people expect, so allow plenty of time in your publishing schedule. In some cases, the licensing process may take several months to complete.

SPECIAL INFORMATION REGARDING ANY TYPE OF REQUEST

Once you have sent your request to the proprietor, allow time for the proprietor to research your request and respond to you. Submission of your initial request in multiple formats (email and fax or letter, etc.) will not expedite your request and it may cause confusion.

While each proprietor’s rights manager would like to be able to respond within a few days, due to the large number requests to be processed, and number of languages represented, it often takes longer than you might expect. Many proprietors have small international staffs to keep their costs and your royalty rates low. So, your patience is appreciated.

The proprietor will carefully evaluate the information you have provided against the availability of the title, their standard criteria, the potential market, and the original author requirements. Only when you have not heard from the proprietor after a reasonable time period (usually 4 to 6 weeks), then you should re-submit the request in case it was never received.

REQUESTING REVIEW COPIES

You can request a complimentary copy of the work so you can consider it for your program (a review copy). Your request should include as much of the following information as possible:

- The full original English title, author, & ISBN.
- The imprint or category under which the book was published. (Many U.S. publishing companies have a variety of imprints, some of which may be handled by a separate international rights department – for example, general books, academic, children’s books, etc.) Enclose a photocopy of the title page and copyright page, if it is available. This is especially important if the book was published some time ago.
- The language market requested and the territory (countries, states) in which the translated edition will be sold. Proprietors do not automatically grant ‘entire world’ rights in a specific language unless you have distribution facilities to cover the entire language area.
- The types of markets in which you intend to sell the book requested (for example: religious market only, general or secular market only, or both markets).

- Special information helpful for the proprietor to know about your interest in the title:
 - if you have published books by the same author in the past
 - if you are affiliated with an organization connected to the author
 - if you publish a special line of books on the same topic as the book in which you are interested.

Provide the following if it is the first time you are contacting the proprietor:

- Background information about your publishing house, including the year it was established, and the name of the parent company, if appropriate. Include a list of the types of books you are interested in publishing. Also provide a catalog listing the books your company has in print.
- All of the division or imprint names under which your company publishes.
- Any specific denominations or organizations with which your publishing house is affiliated.
- Company information:
 - Complete legal name, mailing address & shipping address of your publishing house
 - Name of the person who is responsible for negotiating any contracts
 - Complete telephone & fax numbers, and E-mail address.
 - Note: Be sure to include your company name, address, phone and fax numbers when sending an E-mail message. Also, since letterhead does not always fax clearly enough to be read, it is always wise to re-type your address, phone, and fax number in your letter.**
 - The number of new titles your company publishes each year, and the number of those that are translated from other languages.
 - Names of other proprietors you have worked with in the past.
 - How your books are distributed and the specific markets your company reaches (Christian stores, general stores, bookclubs, and so on).

At this point, the proprietor will generally send you a review, or reading copy of the book, if the rights are available.

They may not be able to grant you a review copy, license (or contract) for the book in which you are interested for the following reasons:

- The rights to the book may have already been licensed to another international publisher in your language.
- The proprietor may have allowed the book to go out of print, and under the terms of the contract with the author or copyright holder, permission for international rights may have returned to the author.
- They may not control the rights on that title, so you may be directed to contact the author or an agent.
- The company may have published their edition under license from another publisher. They are not usually required to indicate the originating publisher, but generally will tell you whom to contact if you ask for the name of the proprietor.
- The proprietor's company may have been sold to another company who now controls the rights and is authorized to negotiate.

PUBLISHERS' AGENTS

Some proprietors work through agents who represent their company and titles to other countries and language groups. If the proprietor you contact has such an arrangement, you may be directed to contact the agent regarding the translation rights. The agent will then be responsible for negotiating the contract terms and preparing the contract.

EXCLUSIVE OPTIONS

Some proprietors offer an ‘**exclusive option**’ (or ‘**first option**’) on their titles. An ‘exclusive option’ is a period of time (generally 30 - 60 days) that allows further review of the book for a translation decision. During this time period the proprietor will not sell the rights to anyone else in your language until you have reached a decision or your time period expires (whichever occurs first). You may request an option from the proprietor when you have made an initial review of the book, and then want to consider it more seriously for your publishing list. If you are granted an ‘exclusive option’ (or ‘first option’) you must respond to the proprietor with your decision within the specified time period. If you do not respond, the proprietor is free to offer the title to other interested parties. The proprietor is not obligated to notify you when your option time period has expired.

The proprietor may offer a ‘**second option**’ to another publisher who is interested in the same title for the same language. The publisher who holds the ‘second option’ will have the next opportunity to publish the book. If the publisher holding the ‘first option’ does not request a contract within the specified ‘option time’, their option will expire and the publisher holding the ‘second option’ will have the opportunity to publish the book. It is important to stay in contact with the proprietor so you know if your option status has changed.

When you contact the Proprietor to request an ‘option’, you should not assume it has been granted. The Publisher will notify you of whether or not an option has been extended to your company, or if the book is out for ‘multiple submissions’.

MULTIPLE SUBMISSIONS WITHOUT OPTIONS

If the proprietor wants to have the book available in other languages as soon as possible, or if several international publishers in the same language group have expressed interest in the book, it may be submitted to several companies for consideration at the same time. Another reason for ‘multiple submissions’ is that some proprietors have a policy to not grant options. If you are reviewing a book under either of these circumstances, it is very important that you respond with your interest in a timely manner. If no response is received, the proprietor may assume you are not interested and may sell the rights elsewhere.

Multiple submissions sometimes result in the proprietor asking each interested international publisher to submit their best offer (or a proposal) in writing. The proprietor will consider not only the advance and royalty offer, but also the strongest marketing and distribution plan, the estimated first print run, the retail price, and the expected first year sales, and any other special factors. The proprietor will then make the final decision as to which international publisher will receive the rights.

REQUESTING A CONTRACT FOR TRANSLATION RIGHTS

IMPORTANT NOTE: DO NOT BEGIN TRANSLATING THE BOOK UNTIL YOU HAVE RECEIVED A SIGNED CONTRACT FROM THE ORIGINAL PUBLISHER.

Once you have decided you are interested in translating the book into your language, you need to request the translation rights from the proprietor. You should always communicate in typewritten English. Please do not send handwritten letters and do not call by telephone to request rights.

When you are requesting the translation rights, you should provide the proprietor with the following information:

- The complete title and author of the book for which you are requesting rights.
- Language, dialect, or script for which you are requesting rights as well as the geographical territory.
- Any additional subsidiary rights you want included in the contract, such as book club rights, large print rights, permission to excerpt in magazines, and so on.

- If not already provided, please include:
 - Complete legal name plus the mailing and shipping addresses of your publishing house
 - The date your publishing house started in business and number of titles currently in print
 - A catalogue or brochure, if available
 - The name of the person responsible for negotiating the license
 - Name of the person who is responsible for signing any contracts
 - Complete telephone & fax numbers, and E-mail address.

Note: Be sure to include your company name, address, phone and fax numbers when sending an E-mail message. Also, since letterhead does not always fax clearly enough to be read, it is always wise to re-type your address, phone, and fax number in your letter.
- The planned publication date of your edition.
- The planned first print run quantity.
- The estimated first year sales.
- The estimated retail price in equivalent U.S. dollars.
- The area of the world in which you would like to be able to distribute.
- At this time you may make an offer of an advance payment (part of the royalty paid at the signing of the contract) and royalty rate, or the proprietor may wish to suggest terms to you for consideration.

Once you and the proprietor have agreed on the contract terms, you will be sent two copies of the contract to sign. Then,

- If you receive the contracts unsigned by the proprietor, you should sign both copies and return them to the proprietor. Then the proprietor will sign their section. After both companies have signed the agreement a contract with original signatures will be sent to you for your files. Or,
- If the proprietor signs the agreement before it is sent to you, keep one contract with original signatures and return the other contract with original signatures to the proprietor.

Important Note: Your contract is not finalized (executed) until both companies have signed and the advance payment paid by the due date. After these steps have been completed, then you have the legal rights to publish and you can begin translating the work.

For more information about the contract terms, proceed to Chapter 2.

CHAPTER 2

STANDARD CONTRACT EXPLANATIONS AND OBLIGATIONS

Once the basic terms and conditions for publication of your edition have been negotiated, the proprietor will generate a contract (also referred to as licensing agreement or license) outlining all the items agreed upon and the legal steps necessary to grant you the rights. **Remember that you do not legally receive the rights for the book until both you and the proprietor have signed the contract and you have paid the royalty advance.**

Please remember that these contracts are legally binding, so you are required to fulfill every term of the contract. **Failure to fulfill even one of the terms may result in a cancellation of the contract by the proprietor.** This could leave you with inventory of a book that you cannot sell. In addition to being bound by law, by signing the contract you have given your word, ethically and spiritually, that you will fulfill the terms of the contract. Make sure you read and understand the contract before you sign it. If you do not understand, be sure to get clarification.

STANDARD CONTRACT CLAUSES AND TERMS

Each proprietor's contract may significantly vary in length and complexity. This section will provide you with the items that are in most proprietors' standard contract.

1. Legal names and addresses for the proprietor (or Licensor) and your company (international publisher or Licensee). Be sure the proprietor has your correct information for the contract.
2. The name of the literary work (book, audio, or video) for which rights are being granted, and the author's name.
3. Language for which the translation rights are being granted and the territories in which the translation will be permitted to be sold. In many cases this is world-wide rights. World-wide rights mean you can sell your translated language edition in any country in the world. Other times your territory may be limited to a particular country or part of the world. In a few cases, you may be limited to only part of a market, such as only ministry (or not-for-profit) use or commercial distribution.
4. Whether the permission granted is "exclusive" or "non-exclusive". **Non-exclusive** means that the proprietor reserves the right to make contracts for the same title, in the same language, with other international publishers or organizations in your market. If you are granted **exclusive** rights you are the only company that can publish the work in book or other specified form for that language. Exclusive rights do not automatically mean that you can publish the work in other forms (audio versions, excerpt booklets, etc.) or that you can grant rights to others to republish the work. Your contract must specifically grant you these additional (or subsidiary) rights. (See the subsidiary rights section later in this chapter).
5. Specific material contained in the work which are granted or not granted. Usually the rights granted are for the text of the work only and not illustrations, photographs, or other special material from the cover or interior of the book. To utilize any of these materials and avoid copyright infringement, be sure to check with the proprietor to see if you need separate permission. The proprietor of the book may not be the rights-holder for the material and may have been given permission for use in only their edition. If this is the case, the proprietor should be able to refer you to the proper person who controls the rights for the material so you can negotiate its use.
6. Time period for publication. This time limit, starting from the contract date, is the amount of time you have to translate, edit, and print the work. Usually proprietors allow 12 to 18 months, but the time period can vary. If you are unable to publish your edition by the deadline, contact the proprietor to explain the delay and seek an extension. If you do not seek an extension, you may lose your right to publish the work.

7. Publication of a quality and thorough translation. These clauses provide the proprietor assurance that you will use qualified and reputable translators for the work, as well as that you will produce an edition parallel (equal) to the original book. The translation of the work should be contextually and grammatically accurate for your language, while keeping the original style and content of the book unaltered. The author or proprietor may request background information on a translator or even require an independent representative to review and approve the translation prior to its printing. Authors are very sensitive about the modification of their work without approval. Proprietors also require a quality work be produced. This is a very important issue. Therefore, **if you see the need to make significant or unusual cultural adaptations, other changes, or a condensation of the book, you should always seek special permission from the proprietor before you publish the work.**
8. Copyright and other details that must appear on the copyright page of the translated edition. The proprietor may specifically state the copyright notice details for the work being licensed in your contract. If not, you should include the copyright notice as it appears in the original work (the copyright symbol ©, year of copyright, and the author's name). Most proprietors request that you also include the name and address of their company as original publisher. All of this information must be in English.
9. Royalties to be paid to compensate the author and proprietor for your use of the work. There are two ways to pay royalties.
 - a. Advance and royalty method - There are usually two main aspects to this method:
 - 1.) Advance Payment - The proprietor needs to be assured that the you are serious about bringing out your edition since they will not make the book available to anyone else during the contract term. Even when you have an established relationship, the proprietor needs some compensation for the business transaction while the work is being translated. It is therefore usual for an "advance on royalty" to be paid upon signing of the contract. This "advance" is pre-payment of part of the expected royalty and will be deducted from the initial, and if need be, later royalty payments. The amount of this advance will be negotiated and will be influenced mainly by the expected sales levels, the price of the book, and the size of the potential market. Advance payments are not refundable or transferable, even if the book is never published.
 - 2.) Actual Royalty Rate - The second aspect of these payments is the actual royalty rate. The royalty rate is usually expressed as a percentage of either the retail or net price received. The "retail price" is the marked or suggested price the book is sold to the end consumer (person purchasing for their sole use). The "net price" (sometimes called net receipts), is the discounted price the publisher sells the book to any customer, whether they are a bookstore, distributor, or end consumer. Most contracts are based on retail price unless they specifically state they are on net price. (Please reference the royalty calculation section in Chapter 3 for further information.)
 - b. One Time Fee Method - Instead of paying royalty on an advance and percentage basis, your royalties may be payable by a one time fee for a limited printing of your edition. If this has been negotiated it will state the "one time fee" amount in the contract. The proprietor may also require you to furnish a printer's affidavit as verification of your print run. You would need to negotiate a new contract if you desire to reprint later.

Both the advance and other royalty payments are customarily made in the currency of the proprietor unless otherwise negotiated.
10. Reporting. This report should indicate the number of copies printed, copies sold, the selling price, and copies remaining in inventory. The report accounting for sales and associated royalty payments are customarily due either semi-annually or annually (as negotiated). If the royalty payment due for the agreed period is less than the amount pre-paid in the advance, then the advance is considered "unearned" and no additional payments need to be made in that particular accounting period. Once the advance has been "earned" (or the earnings due exceed the amount of the advance), the negotiated royalty is payable to the proprietor, generally within a specified number of days after each accounting period. **It is a contractual requirement to send a report to the proprietor for each specific accounting period, whether the advance is earned, unearned, or based on a one-time fee.** Failure to submit a royalty report may result in cancellation of the contract.

11. Term of Agreement. The term is the number of years for which the contract is valid. This section also explains the procedure to renew or re-negotiate another contract. Some contracts will specify that you must have the book in print at the end of the time period (having a specific number of copies in inventory, available for customers to order) for the contracted rights to continue. Others automatically terminate the agreement at the end of the contract term.
12. Reversion or Assignments of Contract. These clauses state the conditions for which you could lose the rights granted or transfer the rights to someone else. Loss of rights (reversion) factors may include your company going out of business or not adhering to the terms of the contract, or the book being placed out of print. If you sell your business to someone else or desire for another party to take over publication responsibility, the proprietor will provide the procedure to follow for legal rights to be assigned to the other party. Assignments of the contract to others usually require special approval by the proprietor before the transaction is completed.
13. Complimentary Copies. The number of copies of the translated edition you need to supply, without charge, to the proprietor from the initial print-run and subsequent print-runs. This proves to the proprietor that you have fulfilled the obligation to publish within the term stated in the contract. Usually the proprietor will retain one copy for their records and send the author the other copies to announce the new edition.
14. Remainders. Some proprietors have special royalty terms or reversion clauses in case the book is overstocked after a specified period of time. These books are usually sold off at a discounted price to clear the stock (this is referred to as remaindered). If the proprietor has special instructions regarding this situation, they will be outlined in this clause.
15. Return of Contract. The contract will probably also include a date when you need to return it to the proprietor. You should sign the contract and return it with the advance payment by that date to finalize the rights agreement. If you are delayed in sending the contract back, contact the proprietor to let them know the reason and when to expect its return. If your circumstances change and you decide not to publish the book, notify the proprietor immediately so the pending contract can be cancelled.

| |
|--------------------------|
| SUBSIDIARY RIGHTS |
|--------------------------|

Subsidiary rights are other rights granted in addition to the right to use a copyrighted work in the same format as the original. **Subsidiary rights are not automatically included in a translation rights agreement.** Some of these rights are usually only needed for large markets where an international publisher has outlets for several editions of the same book (such as mass market, book club, pocket or large print editions). Subsidiary rights may be withheld because the proprietor may not have been granted those rights by the author, therefore, the proprietor may not be in a position to grant them to you.

If you are granted any subsidiary rights, the proprietor expects you to make a serious attempt to sell or utilize these rights in your market. All income from such subsidiary rights sales is shared between the proprietor and international publisher at the negotiated percentage, then paid to the proprietor at regular royalty accounting periods. The income from these sales may also be deducted from the advance payment. Subsidiary rights that may be specifically granted include:

1. First serial rights - the right to publish one or more excerpts from the translation in a periodical, journal, or newspaper before publication of the translated edition in book form (for other than promotional purposes).
2. Second serial rights - the right to publish one or more excerpts from the translated edition in a periodical, journal, or newspaper after publication of the translated edition in book form (for other than promotional purposes).
3. Sub-licensed editions - the right to license an edition to a third organization (company other than your own). This may be a large “trade” paperback or a small-size “mass-market” paperback edition. Generally these editions are published approximately one year after the first publication of the hardcover edition.

4. Book club rights - a sub-license to a book club that allows them to manufacture their own copies of the translated edition for sale to members of their book club exclusively.
5. Permissions, anthologies, extracts, abridged versions - the right to license for publication excerpts, adaptations, or abridgments of all or part of the work. In addition, if the international publisher desires to publish the complete work in a collection or anthology with one or more other works, the parties may negotiate an agreement whereby the proprietor is entitled to receive a royalty proportionate to the total number of works in that collection/anthology.
6. Educational rights - a sub-license to publish an edition of the work for the educational market only.
7. Large print rights - the right to publish a straight reprint of the complete book in large type at an agreed upon royalty.
8. Non-commercial rights for the visually impaired - the right to convert the book to Braille or record it for the sole use of the blind and/or visually impaired. Permission for such use has generally been granted free of charge to bona-fide not-for-profit organizations.
9. Dramatization rights - the right to sub-license such rights as feature film, television, video, radio, stage, or other rights involving the dramatic portrayal of an entire book or portion of a book.
10. Non-dramatic rights - the right to sub-license straight readings for broadcast on television or radio.
11. Non-dramatic audio recordings, public readings.
12. Merchandising rights - the exploitation of names, characters, or situations in the work by sub-licensing the rights to manufactures to create and sell deviate goods, including drawings, clothing, calendars, toys, games, novelties, and so on.
13. Mechanical reproduction rights - the right to reproduce or license the work, in full or part, on microfilm, microfiche, filmstrip, phonorecord, compact disc, or audio cassettes.
14. Electronic reproduction rights - the right to reproduce the work and to license its production for use in electronic information storage and retrieval system.

If you are not specifically granted the above rights, you would need to secure special permission to exercise or sub-license any and all of these rights.

CHAPTER 3

AFTER THE CONTRACT

Your obligations to the author and the proprietor do not end once the contract is signed. Remember they are allowing you the right to publish and use their property, so you are responsible to them for anything related to the work. Whether you are a commercial publisher or a ministry, a licensing contract is a business transaction. You are morally, ethically, professionally, and spiritually obligated to fulfill all the required elements of your contract.

The key to success is communication with the proprietor. Many times you can work through problems with publication or payment of royalties if the proprietor knows the facts and together you develop a plan to resolve the issues. Communication with the proprietor will not only help develop a good relationship, but also ensure you do not lose the rights (or have them revert back to the proprietor) for the work because of non-compliance of the contract.

DELAYS AND CHANGES PRE-PUBLICATION

As mentioned in the contract section, be sure to communicate with the proprietor if any problems or changes occur that affects the book's quality, content, or publication date.

PUBLICATION OF THE WORK

Remember to send the complimentary copies outlined in the contract to the proprietor when the book is printed. It is also helpful to include a cover letter or bill of lading with the work. Some international publishers also send examples of advertising, or a copy of their catalog, showing their promotion of the new book.

ROYALTY CALCULATION

After your first period of sales, and every reporting period thereafter, you need to evaluate your sales and figure the royalty due to the proprietor. Proprietors you work with will usually calculate the royalties as shown in the examples in this section of the guide. An exception to these methods would be if you make arrangements to pay all at once up-front for the number of copies in your print run up front on a one-time fee basis.

1. BASIC CALCULATION OF ROYALTIES

- Determine the number of copies sold during the reporting period (for the quarter, six months, or one year, depending upon how the contract is written).
- Multiply the number of copies by the retail sales price (the marked or suggested price of the book in bookstores or to the end consumer).
- Then multiply that total by the royalty percentage in the contract.

The result is the amount of royalties due on the sales. Convert your currency to U.S. dollars with the conversion rate for the day you are calculating (or sending payment). If the amount shown is more than the advance payment amount, you should pay the proprietor the amount over the advance. If it is less than the advance amount, you do not owe any additional royalty yet.

This process should be repeated for each book. **Remember, advances are to be deducted only from the title they were paid for originally - Do not deduct an advance from another book or from your grand total.**

Please reference the following examples for further clarification of different scenarios. (We will use Korean Won for the purposes of these examples, but you should substitute your appropriate currency.)

Example 1: Deducting the Advance

- Your advance payment paid was \$500. Assume you sold 900 copies of a book that sells for 7,800₩ :

| | |
|------------|--|
| 900 | copies of the book sold for the reporting period |
| x 7,800₩ | price per book |
| 7,020,000₩ | total sales amount |
| x 5% | royalty percentage in contract |
| 351,000₩ | royalty amount payable |

| | |
|-----------|--|
| 351,000₩ | |
| x .001280 | Conversion rate to U.S. Dollars |
| \$ 449.28 | In this example, the amount is under the \$500 advance amount, so no money would be due the proprietor for that statement. The next year you would use \$50.72 (\$500.00 advance - \$449.28 = \$50.72) as the “advance amount” left to calculate against instead of the full \$500.00. |

- Or, if you sold 1300 copies of the book that sells for 7,800₩:

| | |
|-------------|--|
| 1300 | copies of the book sold for the reporting period |
| x 7,800 ₩ | price per book |
| 10,140,000₩ | total sales amount |
| x 5% | royalty percentage in contract |
| 507,000 ₩ | royalty amount payable |

| | |
|-----------|--|
| 507,000 ₩ | |
| x .001280 | Conversion rate to U.S. Dollars |
| \$ 648.96 | In this example, the amount is over the \$500 advance, so, you would need to send the proprietor a royalty payment for \$148.96 (\$648.96 - \$500.00= \$148.96). |

Example 2: Once you have passed the advance amount in a reporting period, you cannot deduct it from future reporting periods.

If in 1998 you sold 1300 copies, as in the above example, and deducted the \$500 from the royalties due, then in 1999 you sold more copies of the book, you would owe royalties on all your sales, because the \$500 advance had already been deducted the previous year:

| | |
|------------|--|
| 500 | copies of the book sold for the new reporting period |
| x 7,800₩ | price per book |
| 3,900,000₩ | total sales |
| x 5% | royalty percentage in contract |
| 195,000₩ | royalty amount payable |

| | |
|-----------|---|
| 195,000₩ | |
| x .001280 | Conversion rate to U.S. Dollars |
| \$ 249.60 | In this example, you would owe the full \$249.60 because the advance was already deducted from the previous report. |

2. CALCULATING ON “NET PRICE” OR “NET RECEIPTS”

When your contract states you are to pay royalties based on the “net price” or “net receipts”, the only difference is that you would use the discounted sales price instead of the retail price in your calculation. If you have multiple discount structures, you would need to calculate the number of books sold for each discount level.

Again, you would use the same calculation method as for retail price, but substitute the discounted sales price for the sales price used in the calculation. Calculate for every different discounted net price, then add all the totals together to obtain the full royalty due.

Example 3: Selling books at a different net price to different customers.

- If a book sells at retail for \$5.00 but the bookseller receives a 20% discount then you would pay the royalty percentage based on \$4.00 (\$5.00 - 20% = \$4.00) as your sales price.
- If you also sold the same book to a book club at a 40% discount, then you would pay the royalty percentage on that quantity of books sold based on the \$3.00 sales price (\$5.00 - 40% = \$3.00).
- Then, use the net sales price as the selling price (instead of the retail price) in the same calculation shown in examples 1 & 2.

3. CALCULATING ROYALTIES ON A MULTI-TIERED PERCENTAGE BASIS.

Use this procedure when you pay one royalty percentage rate for a certain number of copies, another percentage rate for the next quantity, and possibly a third percentage rate for all copies sold thereafter. Similarly to what was discussed under “Calculating the Net Price”, calculate every different quantity category, then add all the totals together to obtain the full royalty due.

Example 4: Your contract stated you were to pay 5% for the first 5,000 copies sold and 7.5% for all copies thereafter.

Use the same basic calculation outlined in the beginning of this chapter (which we will not repeat here). For this example, we will use U.S. dollars.

| | |
|--------------|--|
| 5,000 | copies of the book sold for the reporting period |
| x \$ 10.00 | price per book |
| \$ 50,000.00 | total sales amount |
| x 5% | royalty percentage in contract |
| \$ 2,500.00 | royalty amount payable for that quantity |
| | |
| 2,000 | additional copies of the book sold for the reporting period |
| x\$ 10.00 | price per book |
| \$ 20,000.00 | total sales amount |
| x 7.5% | royalty percentage in contract |
| \$ 1,500.00 | royalty amount payable for additional quantity |
| | |
| \$ 2,500.00 | royalty amount payable for first 5,000 copies sold |
| +\$ 1,500.00 | royalty amount payable for additional copies sold over 5,000 |
| =\$ 4,000.00 | TOTAL ROYALTY DUE |
| | (minus any advance if still outstanding) |

| |
|--------------------------|
| ROYALTY REPORTING |
|--------------------------|

Even if you do not owe royalties for a reporting period, or you paid your royalties in a one time fee, you are still obligated to send a report to the proprietor so they know the current status of the book and how well the book is selling. This report also keeps you in compliance with your contractual obligations so you do not lose the rights on the book. (Many contracts state that if you are past due or do not submit royalty reports you lose the rights and they revert back to the proprietor automatically.)

Each proprietor may have additional special royalty reporting requirements specific to their company, so be sure to follow their instructions.

Your reports or cover letter should either show amounts in U.S. dollars or provide the necessary conversion rate information in the report to convert your currency to U.S. dollars. Most proprietors also require your payment to be sent to them in U.S. funds.

You must submit a separate report for each title. If you wish to include another document that summarizes all the books, that is fine. However, the proprietor must understand the specific sales quantity, advance deducted, and royalties earned for each title. If this is not clear, your payment will not be properly applied to your account for that title and an author may receive the wrong payment amount.

Your royalty reports should include the following elements:

1. Your company name and complete address information, including the person to contact if the proprietor has questions.
2. Book title and author - make sure you also indicate the title in ENGLISH so the proprietor knows to record the information for the proper title.
3. Date of contract, and the contract or other identifying number required by proprietor (if applicable).
4. Publication date of your translated edition.
5. Advance payment amount (in U.S. dollars) previously paid.
6. Sales period reporting dates (for example, January 1, 1998 to June 30, 1998).
7. Stock quantity at beginning of reporting period.
8. Number of copies printed during reporting period (if any).
9. Complete accounting of number of copies sold, sales price, royalty percentage for calculation, and royalties due for that calculation.
10. Total amount of royalties due, minus any outstanding advance, for that title. Do not deduct the advance at the end of a report that has multiple books. The proprietor needs to know the specific title to which an advance was applied and how you deducted it in the calculation for that title.
11. Stock at end of period.

PLEASE NOTE: If you have zero stock showing for a title, you should indicate to the proprietor if you plan to reprint the book within the next reporting period or not. If a proprietor sees zero stock for two reporting periods or more, they may assume that you do not have plans to continue publishing the book. The rights you were granted may automatically terminate (revert) when the book is out of print, depending on the terms of your contract. Therefore, be sure to always communicate with the proprietor to avoid reversion if you want to keep the rights to the title. If you do not plan to reprint within your contract term, be sure to advise the proprietor so the rights officially revert back to the proprietor.

COPYRIGHT PROTECTION AND ENFORCEMENT

Copyright protection and adequate enforcement provisions around the world are of great concern to proprietors, publishers and authors. International trade in U.S. copyrighted products has assumed enormous significance in the growth of Christian publishing. The success of American creativity, however, has unfortunately attracted those who publish unauthorized (pirated) translations and unauthorized English language reprints of U.S. books.

Much has been accomplished to protect the author's property by the passing of international copyright laws. However, even with adequate laws in place much needs to be done to enforce these laws. A licensee (international publisher) who has been granted exclusive rights in a specific language market should not have to share this market with those who issue unauthorized translations. It is financially advantageous, therefore, for everyone to combat piracy.

Contract and copyright law compliance is also necessary in order for authors to continue to allow their work to be licensed into foreign languages. An author should not have to be concerned that the book may be altered or translated poorly, which would result in the communication of their message differently than they intended. If they do not feel comfortable that the Christian publishing community is protecting their work, they may stop granting rights. Not only will our industry suffer financially if this happens, but many people throughout the world will not hear the important Christian message communicated through these authors. For these reasons proprietors are becoming stricter in regard to contract compliance.

We all must work together for the business and spiritual success of our calling to provide quality Christian books worldwide. Consistently following the procedures and practices in this guide should assure a secure and growing future for Christian international publishing rights.

GLOSSARY OF TERMS AND INDEX

| <u>TERM</u> | <u>DEFINITION</u> | <u>MAIN REFERENCES IN GUIDE</u> |
|----------------------|---|---|
| Advance Payment | Prepayment of part of the royalty expected to be earned later when a work is sold. | Pages 4, 6, 9 |
| Agent | A person or organization who is representing a work and its associated business transactions on behalf of an author, publisher, or proprietor. | Introduction and Page 2 |
| Complimentary | Free of charge to the person receiving the item. | Pages 1, 7, 9 |
| Contract | The legal document that grants specific rights, as well as the terms and conditions under which the rights are granted or may be cancelled. Also referred to as a license or a licensing agreement. | Pages 3-9 |
| Copyright | The legal protection given to the person who has created a work (book text, artwork, or any item) so that others do not copy or use the work without the creator's permission. | Introduction and Pages 5-7, 12 |
| Exclusive | When you are the only person or company. Examples: An exclusive option means you are the only entity who can contract a work within a certain time period. An exclusive contract means you are the only entity who will be given a contract for legal publication of a work within your territory. | Pages 3, 5, 12 |
| Licensee | The publisher or organization who is granted rights to use a work. | Pages 5, 12 |
| Licensor | The proprietor who controls the rights and grants someone else the right to use the work. | Page 5 |
| License | The legal document that grants someone the limited right to use property created by another in conjunction with certain specific products. Referred to as the "contract" within this guide. | Pages 2, 5-8 |
| Multiple Submissions | When a proprietor submits a work to several publishers within the same language group at the same time for consideration. | Page 3 |
| Net (Nett) | The discounted price an organization sells the book to any customer, whether they are a bookstore, distributor, or final customer. Referred to as "net price" or "net receipts". | Pages 6, 10, 11 |
| Non-Exclusive | When you are <u>not</u> the only person or company. Others may also review, use, or contract a work. | Page 5 |
| Option | A period of time that allows further review of a book. If you are given first option, the proprietor will not sell the rights to anyone else in your language until you have reached your decision or the time has expired. A second or third option would indicate your placement next in line for first option, if the original publisher with first option does not contract the work. | Page 3 |

| | | |
|---------------------|---|-----------------------------|
| Proprietor | The company or person who controls the rights of a work for publication or other usage, including the right to copy or license other editions or uses. A proprietor may be the author or creator of a work, the publisher or organization producing the work, or an agent of the creator. | Introduction |
| Retail | The marked or suggested price at which the book is sold to the final customer, usually in stores. | Pages 3, 4, 6, 10, 11 |
| Revert or Reversion | The loss of rights previously granted. Usually reversion occurs when a book is out of print for an specified period of time or when contractual obligations are not honored. | Pages 7, 9, 11, 12 |
| Review Copy | A complimentary copy of a book for a publisher to review and analyze to make a publishing decision. | Page 1 |
| Royalty | The amount paid to the proprietor for use of a work. The royalty is calculated by taking the royalty rate multiplied by the sales price of a work, then that number is multiplied by the number of copies sold to obtain the total amount to be paid to the proprietor for use of a work. | Pages 4, 6, 9-12 |
| Royalty Rate | The percentage of the sales price that is to be paid to the proprietor for use of a work. | Pages 6, 9-12 |
| Royalty Report | A document that provides details on the publication, sales, and royalty calculations of a licensed work. | Pages 6, 11,12 |
| Subsidiary Rights | Other rights granted in addition to the right to use a copyrighted work in the same format as the original. | Pages 3, 5, 7, 8 |
| Territory | The geographical area for which rights are granted. | Pages 1, 3, 5 |
| Work | The book or other product for which rights are being granted. | Introduction, Pages 1, 5, 6 |

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