



THE AUTHORS GUILD FAIR CONTRACT INITIATIVE: EIGHT PRINCIPLES FOR FAIR CONTRACTS

Principle	Fair Contract Terms	Unfair Contract Terms
The author-publisher partnership should be reflected in the author's share of profits.	Authors should receive 50% of the publisher's net profits from e-book sales.	The 25% of e-royalties that is the industry standard today.
A publishing contract should be limited in duration.	Time limits—or “use it or lose it” limits—on the publisher's right to exploit individual rights; time limits on the contract term as a whole.	Unlimited time for publishers to exploit rights and no or limited obligation for publishers to revert unexploited rights.
Authors should be able to retain ownership of their copyrights.	Authors retain ownership of the copyright and give publishers a limited, exclusive license.	Authors assign copyright to their publishers and can only get it back under the copyright law's termination provisions, decades later.
Authors must be able to publish subsequent books freely.	Reasonable non-compete clauses that only prevent an author from selling the same or extremely similar material to another publisher for a limited time period. “Next book” options that must be exercised within a certain time frame based on a book proposal (rather than a full manuscript) for a book with related subject matter.	Sweeping non-competes that indefinitely restrict an author's ability to create future works with different material, merely because both books are on the same subject. Option clauses that require full manuscript submission and allow the publisher to match other offers if an agreement is not initially reached.
Publishers' accounting practices need to be more timely and transparent.	Timely, clearly presented, quarterly royalty statements with sufficient detail; limited reserves against returns; a right to audit any accounting period within the last six years.	Infrequent and delayed royalty payments; impossible-to-follow royalty statements; audit rights limited to last one or two years.
Authors should not be unfairly deprived of royalties.	Very limited application of the deep discount clause, where the royalty reduction is shared proportionately between publisher and author.	Deep discount clauses that drastically reduce the author's royalties while the publisher maintains or even increases its share of royalties when selling at a discount.
Warranties and indemnification clauses shouldn't place all financial risk for violation of third party rights on the author.	Authors should only be liable for breaches of contract based on actual knowledge. Authors should be responsible only for copying and falsehoods of which they are or should be aware. Publishers should conduct the necessary legal analysis and accept risk based on legal analysis – absent special circumstances.	Broad representations and warranties covering facts unknowable to the author or that require legal analysis. Indemnity clauses that make the author pay damages or costs of defending claims, even if frivolous.
Delivery and acceptance provisions shouldn't give publishers a way out of publishing a book.	Publishers to be required to follow through with their commitment to publish a book. If a book meets the agreed criterion, the publisher should not be able to reject it.	Clauses that let publishers bow out of their promise to publish because of changes in market conditions or whim.