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**POTENTIAL OF LEGAL-TECH IN OPTIMIZING CONTRACT
REVIEW PROCESS FOR MUSIC ARTISTS – LICENSING
EXPERIENCES AND EXPECTATIONS ACROSS
STAKEHOLDER GROUPS**

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I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading. The document length is 14,363 words from the introduction to the end of conclusion.

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ABSTRACT

This thesis is exploring the experiences and expectations of music artists and artist managers in the music licensing contract review process. The aim of this research is to develop an understanding of the problems that the artists and managers have in the process and explain the factors that contribute to those challenges. Furthermore, the thesis also assesses the potential of using legal-tech to solve any found challenges to meet currently unmet needs and provide value in face of the expectations in the process. The research uses a qualitative approach based on interpretive grounded theory to collect and analyse interview data collected from nine music artists and three managers from various European and North-American countries.

The research found that the artists and managers are mainly challenged by a limited understanding of highly specialised knowledge of copyright, access limitation to legal help by high related costs and limited availability of professionals and lack of trust towards record companies. Based on what is known about AI capabilities in the contract review process, it was found that legal-tech could be used to address those challenges to an extent. Legal-tech could be used to increase the comprehension of contract terms to lower the barrier related to the requirement of highly specialised knowledge; increase access to professional contract review by reducing costs; and connecting artists and managers to human lawyers where situations require it due to lack of AI capabilities to analyse highly bespoke agreements that are specific to the career characteristics of the artist.

Keywords: music industry, contract review, legal-tech, stakeholder expectations, qualitative research

INTRODUCTION

The music industry has since the conception of recorded music been fundamentally based on intellectual property licensing that requires contracts and agreements to be put in place between the parties. Artists may need to sign more than a dozen types of contracts, such as management, recording, licensing and distribution contracts. Transparency in the music industry and challenging legal affairs for artists have been a topic of discussion for decades and are becoming increasingly prominent in industry publications in recent years, such as the International Federation of the Phonographic Industry's and Recording Industry Association of America's annual and periodical industry reports which have increasingly emphasized highlighting the areas in the industry that struggle with transparency. Also, academic research, particularly from Berklee College of Music, has called for "Educating all types of music creators regarding their rights and the operations of the music industry" (Berklee, 2015, 4), to increase artists' awareness to prevent unfair agreements based on information asymmetries. Although transparency challenges are increasingly reported and highlighted in industry journals in the broader sense, there is a lack of academic research on the topics related to these challenges, specifically in the processes related to music licensing. Because music licensing is a fundamental aspect of the industry and artists' career development, it is thus important to understand the context to pave way for possible commercial solutions to tackle any individual needs regarding music licensing.

With about 60,000 songs released every day on Spotify alone (Ingham, 2021), and a need for a record deal to jumpstart their careers, artists oftentimes overlook the necessity of getting a potential contract professionally reviewed, especially when their music is not yet generating sufficient income. As reading and analysing legal documents are not the artist's nor their manager's field of expertise, it can be challenging for them to be diligent in legal affairs. Such circumstances have led to numerous situations where artists get tied into highly unfavourable long term contracts (Passman, 2015), meaning that they really can't afford to sign a bad contract at the early stages of their careers. A contract can make a difference between being able to freely develop their careers *versus* having their career "shelved", meaning that the label is not going to release any of their new material and by their contract, the artist is not able to do so anywhere else either, something

which has been reported to also take place intentionally to "buy up" competition that might affect talent that the record company is developing (Lindvall, 2010). Besides being enclosed creatively, the artists are generally left in debt to the label due to recoupable and cross-collateralized agreements (Passman, 2015). Such agreements reach beyond the artist's income from song royalties, including touring, publishing, sponsorship and merchandise incomes. Besides possible financial problems, labels can also take significant control over the artist's creative aspects, which oftentimes creates dissonance in the artistic vision, something that is difficult for artists to cope with (*Ibid.*). Notable examples of such abovementioned situations include The Rolling Stones (Goutman, 2015), Jackson 5, Lil Wayne (Mench & Josphehs, 2018), Lupe Fiasco (Mendez, 2019), Kanye West (Clarke, 2019), Taylor Swift (Grady, 2019), and American Idol contestants (Caruso, 2015).

The pattern of signing into unfavourable long-term agreements reaches across genres and decades, thus, there is a need for effective solutions in the contracting processes which would help artists take control over their legal affairs and level them with parties who are better organised and have higher bargaining power. With that in mind, some of the most promising solutions for contracting processes are legal-tech solutions such as artificial intelligence (AI) based contract review services (Sobowale, 2016) which could also have potential in the music industry. Although there is substantial research on the capabilities of legal AI service solutions, there is no existing research on the specific challenges and needs of artists in the contract review process to assess the potential of legal-tech application. To develop an understanding of the needs of artists, the experiences and expectations of artists in the contract review process have to be analysed, for which an in-depth qualitative research is required. For analysing the expectations of stakeholders in the contract review process, the following research questions were developed:

1. In what ways is the contracting process challenging for artists and managers?
2. What are the artists and managers expectations in the contract review process?
3. To what extent could legal-tech help solve any challenges that artists and their managers face in the contract review process?

The outcome of the research enables a discussion on legal-tech capabilities and artists' needs, to find out the extent to which a potential new service solution could address the known problems. The following chapters will outline the theoretical background of the contract review processes and legal-tech AI capabilities, then present the research questions, methodology and sample, followed by the findings and discussion, and finish with the conclusion.

1. CONTRACT REVIEW IN MUSIC INDUSTRY AND LEGAL-TECH

For developing an understanding of how to interpret the problem undertaken in this research and to provide contextual information, this chapter is divided into two parts. The first part provides background information about the industry, related legal dynamics and theoretical background to the contract review process to give an overview of how the industry and reviewing processes function from the contracting point of view. The second part will cover the theoretical background on legal-tech capabilities in contract review and broader legal application contexts.

1.1. Music industry legal background

1.1.1. Music licensing background

Before the embodiment of the music industry, as it exists today, the industry started off as a publishing industry which sprouted with the invention of mechanical printing presses and relied on the distribution of sheet music as a business model. Although the commercial publishing industry came into existence in the 1800s, the copyrights that would protect the works of authors, and which are the most important assets for today's publishers, were initially drafted and enacted in the 1900s (Krasilovsky, Shemel, Gross, & Feinstein, 2003). The modern music industry together with the accompanying legal agreements started to emerge in the 1940s as capabilities to record and reproduce sound was developed, replacing sheet music as the cornerstone of commercial music exploitation (*Ibid.*). Initially, there was a distinction between the publishing side of the music industry and the recorded music industry, however, as the latter grew in importance, the recorded music industry was loosely referred to as the music industry and eventually, the phrase was adopted as an umbrella term for both.

Although the mediums of music consumption and exploitation have changed over the past decade with the digital transition, the legal principles enabling the industry have remained the same. Since the rise of the publishing and recorded music industries, authors, producers and performers have licensed their music for publishers and record labels to exploit, and contracts are the basis for

establishing those relationships. These licenses are based on intellectual property that the authors and performers have created and are embodied in every musical recording that the laws protect. The most common types of contracts or agreements that artists come across include record, publishing, distribution, management, booking, touring and co-writer deals. (Bargfrede, 2017)

Music law, a sub-category of entertainment law, regulates music publishing, licensing and copyrights which are essential for exploiting the art, however, the contracts in the industry also integrate a range of other legal areas, such as IP, competition, bankruptcy and contract laws (Mbanugo, 2020). Although legal frameworks vary in different countries and jurisdictions, there are widely accepted international conventions and treaties which guide local legislation. As such, the Berne convention aims to protect literary and artistic works (WIPO, 2016) and the Rome Convention which aims to protect performers, producers of musical recordings and broadcasters (WIPO, 2009). These conventions have harmonised the legislations between countries and made it easier for the industry to operate across borders. While each song represents the culture, consumer preferences and laws of the creators and their countries, the industry structures, business operations and principles for success are shared.

Although initially opposing the digital transition, labels have come to terms with this change and have, due to decreased record sales and related incomes, started looking for other means of income to make up the difference and sustain their solvency. One such approach has been the transition from licensing a single song or a collection of them (EP, LP, Album etc.), to a Multiple Rights Agreement or what's commonly referred to as a "360 deal" which essentially a contract between the artist and the label where the latter obtains a right to a part of all revenues generated by the artist, including live performances, merchandise sales, sponsorships etc. For reference, most labels take between 10-35% of the artists net income from these other sources besides the record incomes, and it is common for labels to take between 50-85% of revenues generated from record exploitations (Okorochoa, 2011). This means that there is a significant reduction in artists ability to reach financial solvency.

1.1.2. Music licensing process

Operating in a competitive market, artists are in need of a record deal to benefit from the infrastructure and marketing/promotional activities that the labels offer to develop their careers (Ingham, 2021). Although the relationship between an artist and a record label is a mutually beneficial one, they are long-term in their nature (spanning from a few years to decades) and there

have been numerous cases where artist have taken their publisher, manager or record label to court due to retrospectively discovering highly unfavourable terms they received. Examples of such cases can be derived from all the way back to when the recorded music industry emerged and across all genres. Recent examples of artist who have had to turn to courts to protect their careers, besides the ones outlined in the introduction, also include Kiesza (Ingham, 2018) and 30 Seconds To Mars (Leto, 2012).

One of the circumstances that affect the bargaining power of artists during contract negotiations with record companies is high levels of competition among artists and the operational model in the industry which requires a constant supply of new artists and music from those artists (Okorocho, 2011). This gives record companies leverage in negotiating the agreements leading to contracts that put the needs of the record company first. There have been attempts to get more reasonable terms in label agreements, however, only elite tier artists have done so successfully (*Ibid.*). This is a sign that there is a possibility of negotiation for some artists, however, this possibility is weaker for artists who are not yet signed to a record label and are looking to do so.

Another circumstance is that music industry contracts are relatively new in the legal domain and have not had the time to normalize. In other industries, there are agreements which have evolved over a long period (e.g. bills of lading, insurance policies and sales contracts in commodity markets) and have become standardised over time by a series of negotiations between the relevant parties representing their various interests. However, the record contracts lack an established history and thereby the balance and fairness as such have not normalized to date. (Okorocho, 2011)

Another reason why record contracts today are more favourable for record companies is how competition developed in the market. As most of the market concentrated in the hands of a few companies (the majors), they had the oligopolist position to set the terms for the weaker parties (the artists) and make the contract favourable to themselves as before the emergence of the independent music industry, artists lacked any viable alternatives to develop their artistic careers (Peitz & Waelbroeck, 2005). As radio, media promotion and marketing have long been the main drivers of music sales, not being signed with a label meant the artists had no access to these benefits.

The bargaining power dynamics have led to various burdensome and restraining situations where, for example, artists are having their careers “shelved”, meaning that the label is not releasing their

material and by their contract, the artist is not able to do so either (Passman, 2015). Furthermore, the artists can end up in debt to the label in such situations due to recoupable and cross-collateralized “360 deals” with advances that labels give the artists for recording their material (*Ibid.*). Recoupable advances are monies advanced for the artist for expenses and are deductible from royalties due to them whereas cross-collateralization enables the record company to recoup advances and expenses also from other incomes (e.g. touring, publishing and merchandise). Such instances in the industry have made artists reluctant to sign record contracts in the first place. A study on 360 deals undertaken in France found that those who have experiences with recording contracts are less likely to sign such agreements because they consider such deals unfavourable in the long term (Bacache-Beauvallet, Bourreau, & Moreau, 2016). Those who are not signed to a label, have experience with releasing their work independently, who are deriving most of their income from live performances or have professional representation (either by a lawyer or a manager) have also been found to be less prone to signing such agreements, while artists seeking their first deals are more likely to accept a 360 deal to develop their careers (*Ibid.*).

For artists, having the necessary marketing support is crucial to releasing new works as release marketing also enhances their ability to obtain live performance opportunities (the main income source for artists), and record companies are specialized on music exploitation (Connolly & Krueger, 2013). Because of this reliance, artists are seeking ways to reduce the imbalances in the industry and find more cooperative ways to working with record companies, which is reported to be in the benefit of the record companies as well as this would lead the artists to a more productive artistic state (*Ibid.*). One of the proposed ways to achieve more balance is to moving from a contractual relationship to a fiduciary relationship, meaning that the engagements between artists and record companies would be based more around trust and collaboration (Osborn & Greenfield, 2007). However, as record companies are having their profit margins squeezed by market developments, the fear of contractual failure is too high and there exists too much of a gap between the dreams of achieving stardom by artists and the economic realities of the business, meaning that movement away from contracts is not likely to happen in the foreseeable future and negotiating better terms in contracts or working independently are the only options for artists (*Ibid.*).

Besides the challenges specifically outlined in the music industry, there are general barriers to justice which are relevant to artist, such as high costs for legal actions, lack of automatic right to counsel and lack of awareness of legal rights, services, and procedures (Beqiraj & McNamara, 2014). In a case study from Case Western Reserve university it was found that people without prior

interactions with lawyers struggle with finding, choosing and supervising a lawyer (Cramton, 1994). Furthermore, they are not aware of the value of a lawyer in helping them and believe they cannot afford one as they lack the funds to pay the legal fees (Alcantar & Gillespie, 2019).

It is evident that recording contracts are long-term and strategic in nature for artists, but rather one-sided and mostly benefitting the record companies. It is fairly easy to take advantage of relatively new and inexperienced artists, and those who lack legal knowledge or professional representation. Artists often sign away a lot of their rights and a significant percentage of the benefits accruable to those rights to record companies, limiting their career development opportunities and limiting their income sources. When artists retrospectively discover the imbalances in their contracts and protest against them they are left with very limited options for action and on some cases may abandon their record contract(s) which eventually would imply a breach of contract and make them liable for not fulfilling their obligations. All these factors play a significant role in the productivity of artists and reduce the creative compositions of music, which in turn create a loss in cultural development and impede development of the industry overall. Although the labels have significant bargaining power in the negotiation phases, there is still room for artists to propose and achieve better terms for themselves if they make an effort to do so.

1.2. Contract review process

The contract review process is a part of contract lifecycle management. Although the focus of this research is on the review component of the lifecycle, it is important to look at the processes that precede and proceed it to understand its role. As contract lifecycle is not a universally defined process or term, multiple sources from both the public and private sectors were reviewed to develop an understanding of the steps and contents of those steps related to contract lifecycle management in a general sense.

The contract lifecycle is regarded as a 5-9 step process and varies according to the "altitude" at which the lifecycle process is observed, the specific needs of an industry or specific internal requirements of organisations that undertake the activities related to contract lifecycle management. Below is a summary outline and explanation of steps that were detailed from the various sources used. In this summary outline, similar steps from different sources were combined and steps which dove into greater detail in some cases were integrated into an appropriate

preceding or proceeding step to present a general outline flowchart of the process. The contract lifecycle process breaks down into the following six steps, as observed from the point-of-view of a single party, based on the following sources, and as visualised in Figure 1. Contracting process. (Sysintellects, 2016; Concord Worldwide, Inc., 2021; UpCounsel Technologies, Inc., 2018; University of Arizona, 2016; Cobblestone Systems Corp, 2021; Icertis, Inc., 2021; International Organization for Standardization, 2015; Juro Online Limited, 2021)



Figure 1. Contracting process

1.2.1 Drafting

The process begins with a request to establish a legal relationship between two or more parties. This request triggers a process of selecting an appropriate contract type for regulating the legal relationship. In case there is no existing template for the selected contract type or where the relationship that is being established is of particular specification, a new contract will be drafted. The first step of the contract lifecycle management involves the gathering of information about to the needs, purposes and objectives of the relation that is proposed to be established. The selection and/or drafting of a contract is usually done by an in-house or outsourced attorney or lawyer. The outcome of this step is a contract draft which will then be shared with all parties for review.

1.2.2 Review

After distributing the contract draft, it will be reviewed and "red lined" (editing process of a contract that is being reviewed) by the parties involved. Generally speaking, there is no such thing as a perfect contract and regardless of how much time and effort has gone into planning and drafting of the initial agreement, there usually are terms or conditions that require changes, supplements or other edits. The contract review and editing process is usually undertaken by a legally proficient person, such as an in-house or outsourced lawyer or attorney.

The process aims to thoroughly reading and understanding the contents of the contract before agreeing to it. The process is meant to affirm that all necessary elements are present, that the contract is readable with clarity and presents the agreements accurately. Although the review

process can be quite costly in time and resources, it is usually much more affordable than defending a breach in court.

Although contract lifecycle management is not universally defined or formally structured, the International Standards Organisation provides a procedure for the review process. Besides presenting similar contents to the details outlined above, ISO further breaks down the review process into five steps in their 9001:2015 quality management procedure: 1) Communicating with the customer to clarify their requirements, 2) Determining and reviewing customer requirements to determine the quantity and value of goods or services provided, 3) Order entry to produce the determined goods or services, 4) Changing or amending the contract to reflect any differences in expectations and capabilities, and 5) Contract risk assessment to prevent issues that might lead to legal disputes.

1.2.3 Negotiation

Following the generalisation that there is no perfect agreement, a negotiation almost always follows the review process. The negotiation process is where the parties present their "red lines" or desired edits to the agreement and strive toward finding the common ground that would enable the conclusion or execution of the agreement/contract. The negotiation is usually based upon economic and legal reasonings that aim to fulfil the individual objectives of each party to the contract.

1.2.4 Approval / Signature

Once all parties establish the common ground for their legal relationship and agree to the terms, the next step is for them to make it official and legally binding by mutually signing the approved contract. The contract is usually signed by the individuals involved with the contract, or representatives of the parties that have the mandate to legally represent the participating organization.

1.2.5 Storage / Performance

Once the contract has been signed by all parties and made official, it is then stored for easy access. Usually, the meta-data and related documents are indexed and stored in a way that enables easy on-demand information retrieval. This is also the step where the requirement to perform on the terms of the contract begins. For that, the contract is carefully and regularly audited to ensure that

all parties fulfil their obligations, and deadlines and renewal dates are extracted to create reminders for future reference.

1.2.6 Amendments / Expiration

Various circumstances can create situations where a contract will undergo revisions and amendments and is regarded as a common part of a contract's life cycle. As the obligations are fulfilled or the expiration date is come to pass, the contract might be renewed to continue the legal relationship or will be concluded to end the legal relationship.

1.3. Legal-tech

1.3.1. Legal-tech definition

Accelerated by the pandemic in the past years, industries and businesses are increasingly investing in technology for enhanced performance and new value offerings, and the legal sector is not an exception. In a book on AI and the legal domain, there was a prediction made by scholars that see at least eight professions under threat by robots and artificial intelligence systems in the coming two decades, with lawyers being one of them. (Nelson & Simek, 2017)

With increasing demand pressures to solve existing and brand-new sets of legal issues, law firms need to adapt technology to keep up with the changes and compete in the market. This is where legal technology has emerged as a differentiating factor in the industry (Mackenzie & Shawdon, 2021). One of such emerging technologies, Artificial Intelligence (AI), can already be found in self-driving cars, personal assistants on our smartphones and all kinds of software that help us with translations or decision making. As fundamental technologies of AI have undergone rapid development, industries are increasingly seeking solutions that can create value and serve new and existing needs in better ways. Broadly speaking, AI has three distinct phases that define the level of its sophistication: (Schwab K. , 2016)

1. **Handcrafted knowledge** – systems that are not able to deal with uncertainty too well as they are based on a set structure of rules that aim to consolidate the information that people have gathered in the past. These systems struggle(d) with, for example, differentiating between a rock and a shadow in a self-driving vehicle application context.
2. **Statistical learning** – describes the current state of technology. These are systems that are trained with large datasets and can perceive the world and learn from new inputs. Although such systems are well adapted for analytical problem-solving, they have limited reasoning and abstracting capabilities.
3. **Contextual adaptation** – this is what the research and industry are aiming to reach next. It characterises systems that can construct explanatory contextual models to reveal the reasoning behind the system's analytical processes. Such systems are predicted to reason and learn in a more human-like manner.

The field of AI includes a number of branches of technologies that in conjunction make up the various AI systems that are used for different applications. The most prominent of these branches are summarised and presented in Figure 2. Branches in the Artificial Intelligence field.

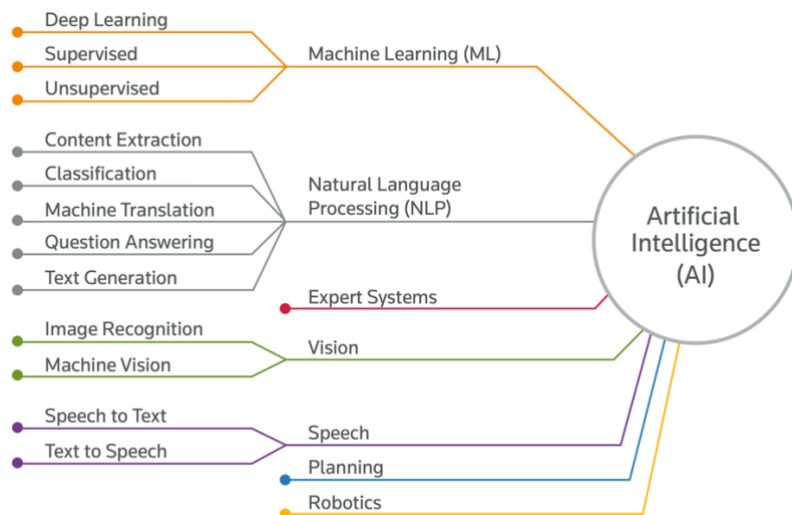


Figure 2. Branches in the Artificial Intelligence field

Source: (Mills, 2016)

Studies and trials on legal-tech have found AI to be extremely quick in analysing and producing risk evaluations. AI is also found to reduce human bias -related issues and bottlenecks in problem-solving processes. Although some areas are more easily enhanced with AI and legal-tech, automating the aspects of their practice and decision making that currently can be, law firms are better able to keep up with customers' demands and service delivery deadlines. (Mackenzie & Shawdon, 2021)

In the world of practice, however, there are no standard answers to many legal questions and agreements have to be analysed in the varying contexts of interests, feelings, customs, and market dynamics, which are not always the easiest of tasks even for experienced lawyers (Evans & Price, 2017). Currently, AI is seen as a tool that will enhance the operational flexibility of law firms and as a means to standardization, systematization, commercialization, transparency and automation of legal services (Adamski, 2018). The core aim for getting to the next phase of AI is transforming complex multi-layered human cognition and processing models into a computer algorithm (De Hert & Papakonstantinou, 2018). For now, AI systems need supervision by human lawyers to monitor their performance and are not able to complete the same spectrum of cognitive processing that human lawyers can.

1.3.2. Legal-tech and AI application in contract review

The uses of legal-tech and AI on contracts in law firms include contract drafting, review, analysis, and due diligence review applications, while other uses of AI include legal research, brief drafting, case prediction, compliance review, patent drafting and convenience applications, such as time-tracking for billing, algorithmic "match-making" and e-discovery for more efficient information queries from databases, such as trademark searches (Bravo, 2021). Legal-tech applications help lawyers devote a larger part of their time towards more valuable, strategic and interesting tasks while aiming to offer faster and cheaper reviews for customers (Mills, 2016). Only in the recent five to ten years have genuine real-world applications of legal AI begun to emerge. Real-world examples include companies such as Seal Software which can explore, discover and classify a firm's existing contract database, RAVN, which can answer questions about the contract and DLA Piper for summarizing contracts (*Ibid.*). For specifically contract review and analysis, there are about 20 companies, such as Kira Systems, LawGeex and LexCheck, which will be discussed in the following chapter.

1.3.3. Quantifiable data on contract review AI capabilities in the industry

The information presented below is compiled by the author based on a combination of self-claimed data from the contract review AI developer's websites and third-party industry sources. These sources have limitations in their accuracy and can be biased towards presenting the benefits with more positivity due to the fact that AI developers and industry third parties present this data in a marketing and sales context with disclaimers to possible limitations on benefits received by new customers.

Kira Systems claims that with the help of their platform, contract review times can be reduced by 20 to 60% in due diligence. In banking, JPMorgan Chase uses AI software by a company called COIN to review commercial agreements which saves them 360,000 man-hours per year. They also have noticed a decrease in contract servicing mistakes. (Nelson & Simek, 2017)

A company called LawGeex claims that its AI saves up to 75% of the time in the contract review process and reduces costs up to 90% when compared to manual methods. The company undertook an experiment comparing human lawyers with their AI where both were tasked to review 5 separate Non-Disclosure Agreements. The results of this experiment showed that the AI is 9

percentage points more accurate (94% vs 85%), and undertook the reviews in a fraction of the time (26 seconds vs 92 minutes on average of the lawyers). (Forrester Research, Inc., 2021)

Luminance promises to deliver 90% cost savings and 80% review time savings for their clients (Luminance, 2021) and similarly, BlackBoiler claims a 75% reduction in contract review time and 90% cost savings on contract reviews (BlackBoiler, 2021). A similar reduction of contract review time of 80% is offered by Cortical and they claim that to happen at human-level accuracy (Cortical, 2022). A summary of such benchmarks among different companies is presented in Table 1. Summary of claimed benefits of contract review AI companies. Although there are around 20 companies claiming to solve problems in contract review processes, only ten present data on performance indicators for their product.

Table 1. Summary of claimed benefits of contract review AI companies.

	Review-time reduction	Cost reduction
Kira Systems	20-60%	
LawGeex	75%	90%
Luminance	80%	90%
BlackBoiler	75%	90%
Cortical	80%	
Epiq		50%
DocJuris	75%	
eBrevia	30-90%	
LegArtis	85%	90%
LexCheck	90%	
Total average	73%	82%

Compiled by the author on the basis of: Luminance, 2021; BlackBoiler, 2021; Cortical, 2022; Kira, 2022; Forrester, 2021; Epiq, 2020; DocJuris, 2022; eBrevia, 2022; LegArtis, 2022; LexCheck, 2022

As metrics of review times, cost reductions and accuracy are the most common themes among the platforms, it shows that the emphasis is on the computer's ability to speed up recurring processes

and reduce costs by freeing up time and capacity that would otherwise be spent on labour to undertake the tasks that the AI is now capable of doing.

1.3.4. Research on contract review AI capabilities in the industry

The information presented below is derived from existing research that discusses the state of the art of legal AI, its strengths, limitations and the potential of AI in replacing lawyers.

The strengths of AI-based systems are seen in their abilities to collect, filter and reinterpret information, as computer systems are able to complete such tasks in a much faster, more accurate and comprehensive manner than humans. The superior memory management systems also enable AI systems to explore and find correlations in data much more efficiently. These aspects are important as these functions are a lot of what contract review processes consist of. Furthermore, the analysis component of contract review requires logic and analytical cognitive facilities which can be effectively copied by AI-based systems, making the computer systems more effective at finding rules and making predictions in large sets of data. (Greenleaf, Mowbray, & Chung, 2018)

The weaknesses of AI systems are found to be related to the aspects of human cognition that cannot be currently imitated by computer systems. Such aspects include intuitive capacity, empathy, creativity, psychological influence and negotiation abilities (Winfield & Bryson, 2017). As contract review processes with lawyers take place in interactions where the context surrounding the agreement under review is discussed to form strategies for negotiations, it is necessary to have the ability to detect and understand the emotions of the customer in order to approach that strategy formation from the standpoint of the customer (Alam, Danieli, & Riccardi, 2017). Although computer systems have emotional intuitive response capabilities to an extent, they are currently outperformed by humans in such high-level customer interactions as such capacities are not easily copied by computer systems (Schwab & Menne, 2017). The need for the aforementioned interactions is to use creativity for coming up with new solutions based on the context of the agreement and the needs of the customer. As creativity is a multi-faceted ability to reach original ideas without a predetermined path, it is not possible for AI to currently achieve this as the computer systems rely on pre-determined programs and software based on human input, meaning that the computer cannot have an imagination of its own (Augello, Infantino, Manfre, Pilato, & Vella, 2016). Furthermore, such creativity capabilities are also used in psychological techniques for contract negotiations and litigations to demoralize or make the opposite party cave into

demands, however, the negotiation process is something that follows the contract review process and is not in the scope of the research at hand.

Overall, the aforementioned capability-based weaknesses are derived from studies that look at the juxtaposition of lawyers and AI in a broader scope, and thus these aspects are not necessarily weaknesses in the contract review context. In some cases the weaknesses can be seen as a strength in the review context, for example, the computer's lack of ability to take into account the customer's emotions is also a benefit in terms of decreasing bias and increasing the objectivity of the contract review (Xu & Wang, 2018).

Besides capability-based weaknesses, AI is reportedly also challenged by an adoption barrier as humans are not used to interacting with robots instead of humans in legal contexts. A study undertaken in 2018 explored the creation of a technology acceptance model for AI-based lawyer replacements and found that AI systems may be a substitute to humans in structural abilities, however, they cannot completely substitute human lawyers for now (Xu & Wang, 2018). It should be noted that the study looked at the possibility of AI replacing lawyers in a wider scope than the contract review process. Returning to the social acceptance of AI, researchers proposed the following for successfully deploying AI-based legal solutions (*Ibid.*):

- **Legal permission** – The legal AI should undertake a similar licensing system as regular lawyers do to enact the same level of trust and also be attributed some responsibility in the output that it produces to protect the consumer and promote the development of the technology.
- **Ease of use** – The perceived ease of interacting and operating with legal AI services is critical, both on the consumer and the supplier side, to increase the intention of people making use of the technically highly complex computer systems.
- **Sense of trust** – Trust should be created by emphasising aspects where computers outperform humans to increase their attractiveness as alternatives to human lawyers. Such aspects include the lack of monetary, social or political agendas that humans might have.
- **Perceived usefulness** – The superior problem-solving capabilities should be emphasised with AI systems as a benefit to producing the best outcomes. Also, the convenience and low monetary and non-monetary costs of AI systems should be mentioned to place the computer in a superior position to human lawyers.

In summary, the main value propositions of AI in contract review and analysis products revolve around time savings, risk mitigation and productivity improvement, all of which ultimately contribute to monetary savings for the customers. Exploring documents with the assistance of AI-based solutions helps with answering routine questions, filtering data for predictions and reviewing repetitive and low-risk clauses which all together contribute to faster, more accurate and cheaper legal services. However, as AI is limited in its capabilities to replicate human abilities legal-tech solutions today are generally not all-encompassing tools that replace lawyers at this time, however, they do provide benefits when deployed by lawyers and organisations.

The theoretical background indicates that artists are in an unfavourable position to obtain fair contracts for developing their careers due to market dynamics and legal barriers (such as costs and lack of awareness of legal rights and services). Although attempts at alternative approaches to establishing relationships in the industry have been sought to remedy the situation, such as transitioning from contractual to a fiduciary relationship, no solution has been found to date which would suit the needs of both artists and record companies, leaving contracts as the *modus operandi* in the industry. However, the contract terms standards in the industry are still in development and there is room for negotiation even for starting artists, provided that they have the necessary help or knowledge to do so. For alleviating challenges related to legal processes, AI-based legal-tech solutions provide value in contract lifecycle management and review processes in other industries by reducing review times and costs, while increasing accuracy in contract analytics. However, state of the art in AI has limitations in its capabilities in a broader legal application context as it is not able to replicate human abilities such as their intuitive capacity, empathy, creativity, psychological influence and negotiation abilities.

2. RESEARCH QUESTIONS AND METHODOLOGY

2.1. Research problem, aim and questions

According to the theoretical background, there are specific processes in contract lifecycle management between which the contract review process occurs. It is known that the music industry's legal side is based on licensing of intellectual property and that the various actors that artists have a need to interact with want to sign agreements to establish their relationships. It is also known that there are market dynamics at play that act on information asymmetries and suppress the artist's negotiation ability in these relationship establishment processes. Furthermore, artists that have professional representation, make most of their income from live performances or have previous legal experiences with record companies are less prone to signing new agreements, and those who lack the aforementioned and are seeking their "breakthrough" are more likely to engage in these agreements. The theory also indicates that legal-tech is able to provide value in contracting processes in other industries and can potentially address challenges in the music industry. However, what is not known are:

1. the challenges which artists specifically face in the contracting processes
2. what are their expectations when engaging with the setting around the review process
3. to what extent the known capabilities of legal-tech can provide value in relation to music artists in the contracting processes

It is the lack of knowledge regarding the potential of a new legal-tech service in the music industry context that this research aims to contribute towards. Although there is substantial research on the capabilities of legal AI service solutions, there is no existing research on the specific challenges and needs of artists in the contract review process to assess the potential of a legal-tech solution. To develop an overview of the needs of artists, the experiences and expectations of artists in the contract review process has to be analysed, for which in-depth qualitative research is required. For analysing the expectations of artists in the contract review process, the following problem statement and research questions were developed:

Research problem:

The known lack of transparency in the contracting process and the weaker position of artists in the market in relation to licensing counterparts which creates an industry level impact level. Legal-tech could provide valuable solutions in this process, however, its potential and limitations in the application in this context are currently unknown.

Aim and main research questions:

The aim of the research is to identify the experiences and expectations in contract review processes in the music industry by a sample of artists and artist managers and evaluate if a legal-tech service solution would add value to the stakeholders (artists and managers). From a broader perspective, the aim of this research is to provide new knowledge about the context that music artists face in contracting processes and what the potential impact a legal-tech service solution could have in that context.

The research questions to answer in order to achieve the aim of this research are:

RQ1: In what ways is the contracting process challenging for artists and managers?

RQ2: What are the artist's and manager's expectations in the contract review process?

RQ3: To what extent could legal-tech help solve any challenges that artists and their managers face in the contract review process?

The following activities are needed to be undertaken to fulfil the aim, and answer the questions of this research:

1. Analysis of secondary data to gain an understanding of the challenges that artists face in contract review processes and develop themes for guiding interviews with the stakeholders.
2. Interviews with artists and managers to map the experiences and expectations related to contract review processes in the music industry.
3. Analysis of the extent to which known legal-tech capabilities can add value by solving challenges in the music industry contracting process and meeting any unmet expectations.

2.2. Methodological considerations

As mentioned above, one of the theories behind record contracts being biased towards the companies is their relative recent establishment in the legal domain and that they haven't had the

time to normalize over time as other commonly used contracts in the society have (Okorochoa, 2011). This sort of evolutionary process of contract standardisation that builds upon perceptions and consequent actions of social actors indicates that the research is dealing with a phenomenon that is in constant revision and is thus subjectivist in its ontological and interpretivist in epistemological view, as opposed to being objectivist which would assume that the artists and managers as a stakeholder group exist external to the contracting process. Furthermore, these ontological and epistemological views make the researcher a part of the research and thus he will be subjective in his research as he cannot be separated from what is being researched (Saunders, Lewis, & Thornhill, 2009). This sort of philosophical view implies that the research paradigm is of qualitative nature and uses a small sample based in-depth investigations (Burrell & Morgan, 1985).

As there is a lack of knowledge on the current contract review experiences and artist's expectations in that process, the research took an inductive-deductive approach to formulate a theory on the factors that artist's experiences and expectations are based on (Saunders, Lewis, & Thornhill, 2009). Thus, it was imperative to explore the subjective meanings behind the experiences and expectations of the artists to understand the meaning behind their actions in the contract review processes to develop themes and hypotheses that can be further researched with subsequent data collection.

For an inductive exploratory approach that is grounded in the data, Interpretive Grounded theory or inductive-deductive perspective research strategy was selected to fulfil the goal of this research (Saunders, Lewis, & Thornhill, 2009) and gain an in-depth understanding of the context and the processes surrounding the contracting process in the music industry. The interpretative approach, as opposed to the classical approach, enables the researcher to develop prior knowledge in the domain to provide guidance in the creation of themes or topics to be researched with the sample group and strengthen the quality of the results (Sebastian, 2019).

2.3. Sample

Because the research is exploratory in nature and aimed to make generalizations about theory rather than a population, non-probability purposive sampling was used based on accessibility to stakeholder groups by the researcher. The sample for this research consisted of two stakeholder

groups directly involved in contract review processes: the artists and the artists' managers. The aim of also interviewing managers was to collect data from multiple perspectives to increase the validity of the findings through the different scopes that the two roles have in the contracting process. Obtaining input from these parties further helped to develop the context around the expectations of the process and ultimately assess legal-tech's ability to help solve any challenges or meet any unmet expectations in the process.

Using a homogeneous sampling of a sub-group within the music industry, interviewees were selected from a sub-group based on genre and career stage. The cross-sectional sample of pop/electronic music sub-genres presents broad perspectives by artists and managers from various countries around the world with different levels of career advancement and specialisations. As it is more common than not in the music industry for citizens from one country to license their music to a record company in another country, then the country where the artist is based will likely not have much effect on the processes related to the contracting processes, however, the variation in the countries was included due to potential considerations related to jurisdiction-based differences. The sample is consisting of artists in the pop-electronic, and its derivative genres (house, EDM), which puts a limitation on the applicability of the findings to artists in different genres such as rock or classical music. A distinction and a note on the variety of processes and industry standards among different genres were also made by the managers who were interviewed for this thesis.

Table 2. Overview of interviewees provides a summary overview of the main contextual characteristics of the nine artists and three managers interviewed for this research. The number of record companies and monthly listeners are included as a reference metric for their career stage and the number of record companies dealt with provides context for legal experiences that artists/managers have personally had. For comparison on one of the artist career metrics of monthly listeners, one of the most listened pop megastars Justin Bieber has 79M monthly listeners on Spotify (Spotify, 2022). All the interviews took place via Zoom and took on average 38 minutes, whereas the shortest interview was 16 minutes and the longest 57 minutes long.

Table 2. Overview of interviewees

	Country	Years active	Nr of record companies dealt with	Monthly listeners on Spotify	Genre	Specialisation
Artist 1	Estonia	5	2	5,500	Electronic/House	Producer
Artist 2	Estonia	7	6	130,000	Electronic/EDM	Producer
Artist 3	Estonia	4	7	300,000	Electronic/House	Producer
Artist 4	Lithuania	5	13	3,100,000	Electronic/EDM	Singer
Artist 5	Brazil	7	17	70,000	Electronic/House	Producer
Artist 6	Netherlands	8	9	95,000	Electronic/House	Producer
Artist 7	USA	4	5	550,000	Pop	Singer
Artist 8	Belgium	7	9	450,000	Electronic	Producer
Artist 9	Canada	11	3	150,000	Pop	Singer
Manager 1	Estonia	14	12	n/a	Electronic	n/a
Manager 2	Austria	23	9	n/a	Indie Rock	n/a
Manager 3	USA	22	18	n/a	Electronic	n/a

Source: compiled by author.

2.4. Data collection

This research used a qualitative method to collect and analyse the data. Semi-structured interviews with open-ended questions were used to get an understanding of sample group participant experiences and expectations in the contract review process. This kind of approach enables the emergence of themes and standpoints that the researcher might be unaware of to ask about and leaves room for follow-up questions to specify (Laherand, 2008). The interviews were conducted via the online video call platform Zoom, anonymously recorded for analytical purposes and can

be found from the following link: [Google Drive](#). Due to time restrictions and the nature of the phenomena researched this was a cross-sectional study or a study that took a "snapshot" of what is being researched at the particular time, as opposed to a longitudinal study.

To collect data for and ultimately provide an answer to RQ1 and RQ2, two groups were interviewed: music artists and managers. The music artists to explore themes and gather data related to expectations and challenges with the contract review process, and the managers to substantiate the information collected from artists as the managers are mediators to the contract review processes as the artist's representatives (on the condition that an artist has professional representation).

The interviews were created in semi-structure and undertaken with a responsive interviewing stance, meaning that the researcher took the responsibility of establishing a relationship by acting toward the interviewees with the utmost respect, honouring their rights of not releasing any confidential information and acknowledgement of own biases and emotional effects related to the authors existing knowledge about the topic. The aim of this approach was to valuably integrate a human side to the setting, thus opening the space for expressing opinions and feelings without having a need to act particularly unbiased or avoid sharing opinions. (Rubin & Rubin, 2011)

Besides having to reschedule twice, the interviews went well as there were no time pressures or technical failures. The only times the interviewees felt somewhat reluctant to share their minds were specific situational examples that they had in mind from their own or a close peer personal experiences. However, after ensuring anonymity, this reluctance was overcome and they felt more at ease to speak out. In some cases, the interviewees also thought that the author was looking for more specific (and sometimes confidential) details than the questions really required, however, after providing some directions for generalisations they were able to answer without any confidentiality conflicts. It should be noted here that there is likely a limitation on the extent of the information that the interviewees revealed as the confidentiality in record company agreements is something that they wished to adhere to. It should be further noted that out of the nine artists interviewed, only one had personally had challenges related to a bad record contract, however, all of them were able to refer to at least one peer who had some kind of friction due to their agreements. The interviews were generally perceived as quite constructive by the interviewees as the questions at times challenged them to organise their views about the processes in a manner that they hadn't considered before. This was the case particularly with the artists, as most of them have

professional representation that takes care of the review process for them, meaning that the artists were not that engaged in the details so much themselves. As the more experienced/late career stage artists in the sample all had a manager to whom they most often refer their legal matters, data saturation from artist interviews set in much sooner than anticipated as by the fifth artist interview, the answers started to repeat what had already been said during earlier interviews. The interviews were conducted in English as that is also the default language in the industry and all of the interviewees had had their contracting experiences in English only. On the note of the questions – the artists seemed to respond to the open-ended questions a bit better when prompted with some examples based on previous answers.

2.5. Data analysis

To analyse the data, interview recordings were first transcribed with the help of an online tool called Otter and saved as a separate Word document with a codified filename to ensure the anonymity of the respondents. Following the inductive-deductive approach, the data collection (interviews) was commenced as a concurrent process with data separation by open coding to identify themes or issues for follow-ups and further exploration in subsequent interviews (Saunders, Lewis, & Thornhill, 2009). This means that there was a round of "pilot" interviews based on a general interview outline that was derived from what is known in the literature, with the intention of gathering initial data for further question development and revisions of existing questions for subsequent interviews. An overview of the brief and consolidated interview questions can be found in Appendix 1. Interview manual. As a result, the theory emerged from the summary result of data collection, analysis and interpretation instead of relying on a pre-existing notion.

The analysis of the interviews followed the open, axial and selective coding/analytical procedures of interpretative grounded theory to develop an explanation of the central themes that emerged from the data. Using open coding for unitisation and categorisation of the data derived from pilot interviews, the approach was used to label and develop themes within the data and guide subsequent data collection. This also implied that the initial interview questions were broader and became increasingly narrower as more data was collected (Corbin & Strauss, 2014). The open coding process used the interviewee's words or phrases to turn passages such as "But I mean, I have an understanding of the contracts and ideally, I wish I had a lawyer, you know, hired or available for every contract. But it is just a little bit too pricey, I think at times so I tried to you

know, my sister is a lawyer sometimes ask for her help." (Manager 1, 2022), into keywords/phrases such as "lawyer review - aspirational", "lawyer review - expensive", "lawyer review - usage limitation", "finding lawyer - family". The open coding process created a total of 97 codes, which also includes codes and themes that go beyond the scope of this research, such as enabling factors for career development.

The open coding process was followed by identifying connections between the categories by means of axial coding. This process aimed to identify relationships among the categories that were recognised during the open coding phase. Once these relationships were identified, they were organised into a hierarchical form to explore and eventually explain the context of what was being researched by selective coding.

The selective coding phase was used to develop principle categories that were identified in the axial coding phase to recognise relationships between such categories for developing the explanatory theory of artist and manager's challenges and expectations to contract review processes. The abovementioned steps were undertaken with the help of a computer-aided qualitative data analysis software NVivo to simplify data categorisation and visualisation. An overview of the identified relationships and hierarchies can be for exploring convenience found on the following link: [Google Drive](#).

3. FINDINGS AND DISCUSSION

This chapter presents a discussion of the theoretical background and findings from interviews with the sample group. Where the interviewees are referred to or cited, they will be referred to by coding to preserve the anonymity of the interviewees. The artists are coded as A1 to A9 in no particular order, and the managers are coded as M1 to M3, also in no particular order. An overview of the code tree that is applicable to the context of this research is presented in Figure 3. Contracting and contract review code tree in the appendices. This code tree combines factors that affect the contract review process from the artist's and manager's point of view and related contracting process expectations.

As a note on the contracting process, based on the interviews it was found that the process follows a very similar process flow to what was introduced in the literature review and illustrated in Figure 1. Contracting process. However, an additional phase for creative feedback takes place in the music industry, a step which comes after establishing first contact and before contract drafting. The creative feedback step is meant for product development as the record company (label) provides feedback on the songs under question.

3.1. Contract review in the music industry

This subchapter discusses the contract review process in the music industry and its affecting factors based on the theoretical background and empirical findings to provide an explanation to why the contract review process is challenging for artists and managers. This chapter is structured according to the code tree structure illustrated in Figure 3. Contract review code tree, which specifically excludes the expectations branches as expectations shall be discussed in the following chapter.

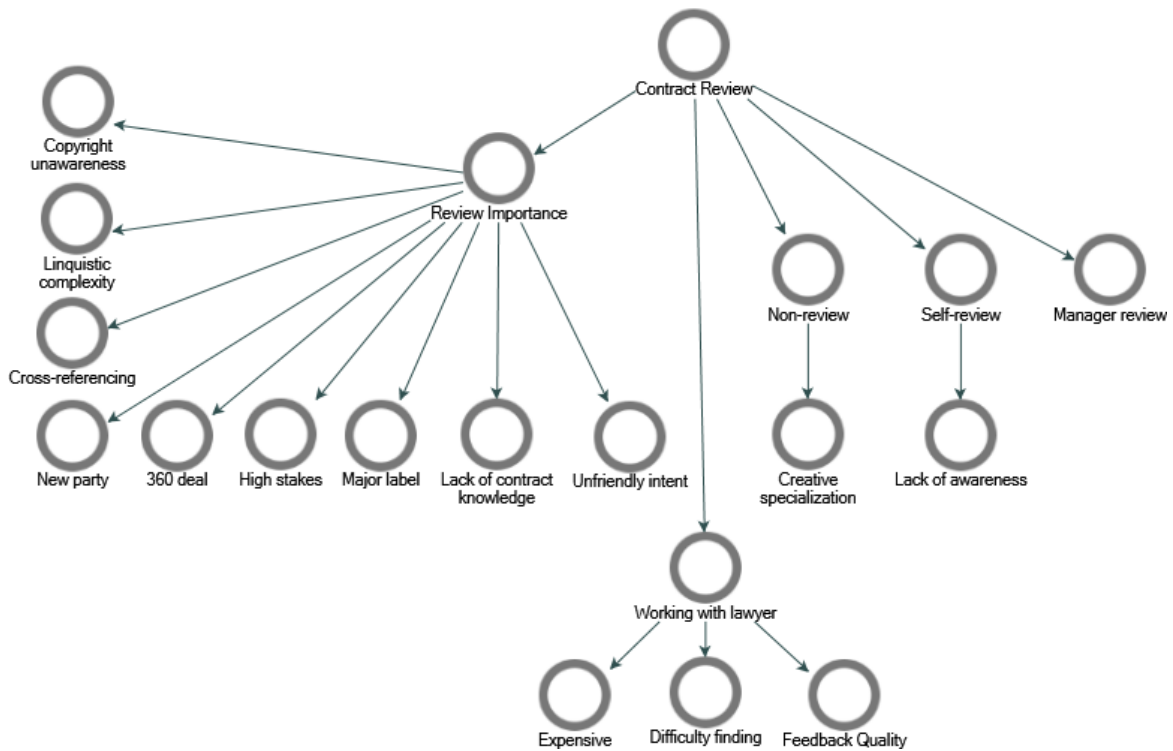


Figure 3. Contract review code tree

As a confirmation of the theoretical background, artists have often experienced labels including terms in contracts that are not generally acceptable to musicians and their representing managers. Such a dynamic was affirmed by all interviewees who had either a first- or second-hand experience to share about highly unfavourable terms tried by labels, as Artist 3 put it: "And there's a lot of like nitty-gritty written inside of the contracts, there's like options that actually bind you to the labels in a weird fishy way. And it's really not all artists friendly if I if I'm honest." (A3, 2022). This has set a cautious posture towards labels, with one interviewee going as far as claiming that the industry that surrounds music has turned him into a cynical person, and others using phrases such as "extortion" and "getting screwed over" when talking about the reasoning behind getting as much help as possible on any incoming contracts from labels.

A contract coming from a label is reported to be the case all of the time by all interviewees, as opposed to an artist or their manager sending a draft to the label, something which the modus operandi of the industry has developed into. However, getting help on a contract review is agreed to be a critical, yet challenging task among all interviewees as the task requires knowledge about highly specific copyright laws, industry standards and legal language. However, the need for a contract review due to the agreement's importance to the artist's career development and market dynamics has left the artists in a difficult situation where they have the following options for

reviewing a contract: 1) self-review, 2) review by a manager and 3) review by a lawyer. It should be noted here that the option of ignoring a review is always an option for the artists and has been said to have happened during the early days of the interviewed artist's careers as they were focused on the creative side of music creation and neglecting the business affairs side of the industry. However, realising the mistake of this oversight either retrospectively in their own situation or hearing cautionary tales from other artists has made them quickly realize the importance of reviewing their contracts in detail, either themselves or with the help of a professional and be attentive in the future, as one of the artists said: "But like I said, I guess I was young, I was a bit naive to just being like, oh, I've known this person for a while, and I trust them. And they have the best intention for me, which I feel like a lot of people do. But this is where like, I kind of gone into bad business, I would say, with certain people that I thought I could trust." (A7, 2022)

Self-review by artists is not uncommon as some artists said that is something they engage with regardless of having a professional review by either a manager or a lawyer. However, this is only been possible because of the artist's formal music business background or natural desire to hold a high level of control over their careers and prevent any situations where their work might be exploited in an unfair way. However, self-review is not for everybody as the rest of the artists have reached out for professional help with reviews as soon as possible and others are doing so in parallel to their own reviews. This is due to the artists being specialized in creating music which leaves them with less capacity for business affairs related tasks. Such capacity effect was expressed by nearly all artists and affirmed by all managers. The lack of awareness that goes along with this capacity limitation is due to the high specialisation that a music contract review requires on its own. Linguistic and structural complexities, integration of various laws with specific emphasis on extensive copyright law and knowledge about industry standards are all aspects that add to the complexity of a contract review and to the artist's desire to outsource this task to someone more specialised in those. As one of the artists put it: "The thing is that the legal side for musicians, I have to be honest, it's rocket science. And, it's so easy for the labels to put something into contracts, which will actually bite you in the ... afterwards." (A3, 2022). The only acceptable situation for an artist where the contract does not require a professional review is when concluding a contract with a record company they have previously worked with.

With contract review capabilities not being sufficient for even the most business-oriented artists, they do on rare occasions seek out help from lawyers. However, this is much easier said than done. Getting a review done by a lawyer is complicated for artists because of two reasons: 1) it's difficult

to find the right lawyer, and 2) lawyers are expensive. What makes it difficult to find the right lawyer is the specialisation it requires from them, varying levels of experience and the low supply of the further specialised music lawyers overall. Besides having a law degree and being specialized in entertainment law, music law requires further knowledge that also differs by genre. This means that a music lawyer who has experience in the rock genre might do more harm than good in the electronic music genre due to differing standards (for example in royalty split percentages and term length). This experience in a specific genre is also what creates varying levels of depths in experiences, leaving a very small supply of hard to find lawyers for a large pool of artists. What makes the lawyers actually hard to find is the level of trust required by the artists or managers representing the artists when working with a lawyer. This trust is related to the artist/manager's perceived quality of the review and is critical due to the potential impact the contract in question might have on the artist's career. This being said, the most common route in finding a music lawyer is through industry peers, however, there might be some limitations to this as one artist said: "But I know that it's the same with accountants, as it is with lawyers. Nobody wants to give you their own." (A4, 2022)

The challenge of finding the right lawyer is not often undertaken as the lawyer's hourly rates act as a deterrent to any starting or even an advanced artist. The lowest hourly rate for a lawyer (this includes music, entertainment, and intellectual property lawyers) reported by the artist is 150€ or 200\$. With an average review time of 3-4 hours per contract, this sets the minimum review cost by a lawyer to 450€ or 600\$. The highest revealed cost among the interviewees is €4,500/review. Such prices were unanimously agreed by all interviewees to be too expensive for the artists and thus only made use of in special situations, such as when dealing with a new label that the artist has not worked with before, or when discussing higher stake contracts like "360 deals" or contracts with advances that go beyond 10s of thousands. The reasons why these prices are often out of reach for artists is due to the small income that is left for even advanced artists from market saturation and minuscule royalty splits that they have from earlier exploitations of their works on unfair terms, as best described: "It's really crazy. Because, you know, we see songwriters that are huge, huge, huge, mega-hit songwriters that have to eat ramen every day." (A7, 2022).

For many advanced artists, having a manager is something of a relief to the legal tasks. However, the help of a manager is only available for those who have professional representation, and those are usually artists who are further along the career path. Regardless, the music managers are the de facto contract reviewers in the industry due to costs, as lawyer reviews are saved for special

occasions. Although usually more experienced in contract review than artists, managers still have limited legal analysis abilities due to their role of being a manager, of which legal affairs are only a small part. However, the managers are able to review and negotiate simpler or recurring agreements, or at least can better assess when it is a good time to involve a lawyer, as noted by a manager with over 20 years of experience: "I cannot assume that I know everything. I'm not a lawyer myself. I know a lot of recording contracts. But there are a lot of details to be talked about during recording contracts." (M2, 2022). It should be noted that the artist-manager relationship is similar to the artist/manager-lawyer subject to building trust through quality as relying on the manager for legal affairs can also go wrong: "I never had anyone [lawyer] to take care of me [help with contract reviews] in the early days, and the manager just did it. And I just trusted them, you know, and then I usually, you know, got robbed, got ripped off. .. by the labels, because, you know, I had no lawyer," (A5, 2022)

The findings related to the contract review process context that artists operate in confirm the ongoing unfair exploitation of artists in the industry and limits of access to legal services due to costs as discussed in the theory. However, what is new is that label agreements most of the time have some room for negotiations and those who know what to ask to be changed or removed will have their requests at least partially met, even artists that are coming out with their very first song. This room for negotiation has also been described by the majority of interviewees as the labels "fishing" for unaware artists, meaning that the label will often send a template which they claim to be standard to their organisation and/or to the industry, but in reality include inappropriate terms for the context, such as the other manager with decades of experience said: "I've even seen a deal before where it was exclusive to the artist's name. So the artists couldn't even use the name outside of that record deal, which is kind of crazy." (M3, 2022). It was also expressed that the labels communicate the contract in a manner that tries to persuade them to sign the agreement without trying to negotiate any conditions. Such attempts by the labels were said to take place in a very direct way, as A1 quoted from one of the letters he received: "I suggest you guys not to contract a lawyer, because a lawyer will cost you guys more.", or in a more subtle way, such as giving instructions for signing the agreement (instead of recommending to review the contract or get some professional help to do so) and sending the contract in a PDF format, rather than an editable document, complicating the commenting and editing process.

As the abovementioned themes gained confirmation from subsequent interviews following their development, two themes were found not to have a significant impact on the contract review

process: 1) contract review time in the contracting context, and 2) time it takes for professionals to provide feedback. The contract review time is not something that is pressured by the label or other parties and there is no risk of a label discontinuing the contracting process because the artist is taking too long to review the agreement. The only case time was mentioned to be of the essence in the process was when an artist had to consider the song release date that he had set himself. With no time pressures from the contract counterparts, the average time it takes for lawyers to review an agreement is similar across experiences (3-7 business days) and is considered fair among all interviewees.

3.2. Stakeholder expectations in contract review process

The expectations that stakeholders, or artists and managers for both of whom artists career development is at stake in contracting processes, have in regards to the contract review process are discussed in this subchapter, as they are presented in Figure 4. Stakeholder expectations code tree. The three expectations that the stakeholders expressed to have for the future of the contracting and contract review processes are fairness, trust and reduction of legal costs. These expectations derive from the intention to decrease unfair exploitation of artists and increase transparency to improve their conditions for operating in the industry, expectations which much resonate with the challenges in the music industry as outlined in the theoretical background.

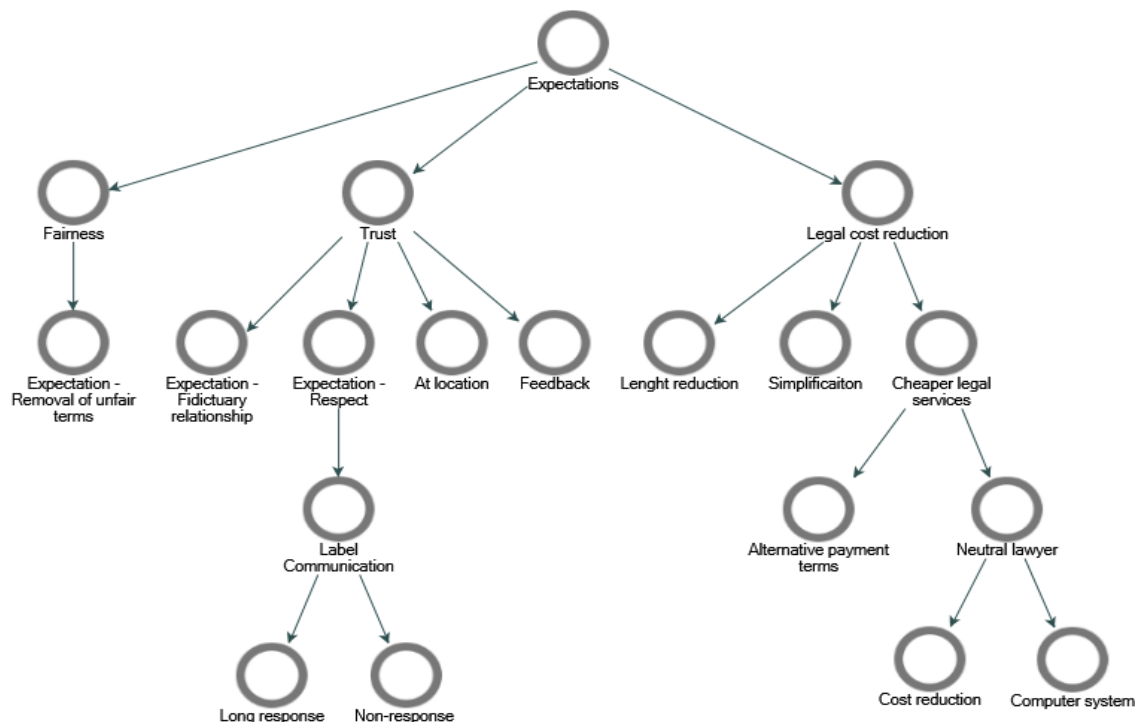


Figure 4. Stakeholder expectations code tree

The expectation of fairness calls for the removal of unfair terms from the agreements record companies have with artists. This would imply the labels ceasing "fishing" for unaware artists and trying to either exploit them with unfair terms or place them on any terms that have strategic importance for the label (such as the purpose of "shelving" an artist). The expectation of trust is something that artists seek because they do recognize the value that labels have to add, and they do work with labels to outsource the commercial activities and focus on the creative activities. Although the lack of trust is something that the artists struggle with, some do understand the business dynamics behind it: "And again, like songwriters, and artists, I don't think are treated super fairly. ... And things are changing, but that's why like, I don't initially trust the contracts and the labels, because I'm not in their best interest, like, it's their artists and their money and their business that's in their best interest." (A9, 2022). Although labels that operate in a respectful, fair and artist friendly way do exist, they are more of an exception in the market, as observed from the sample group of this research. As creative work is something highly personal to artists, they wish to be sure that the party who exploits their work does it with due care, and the only way that could be possible is when there is trust. Trust in the label-artist relationship is developed in multiple ways, one of the most basic ones being communication. Simply getting an answer to an e-mail could take from multiple weeks to months, and it is not uncommon to not get a response at all. Communication difficulties are something that most interviewees expressed, however, it is important for them to receive creative feedback and clarity in the labels processes. Creative feedback is something that the artists are not mutually agreeing to. Some of the artists see it as an opportunity to get feedback for developing the product (song) and eventually create something that has more market demand. While some artists are neutral about creative feedback from labels, few even see it as a point of friction, as said by one of the artists: "... I don't think that's their role, unless they're qualified to do that. Just because ... you're named somebody in a&r [artist&repertoire] doesn't give them the right to tell an artist how to make music." (A8, 2022). That being said, the artists would appreciate on-location feedback about the contract directly from the label representative, as was expressly mentioned by three artists. One artist also mentioned the desire for the trust to develop to such a stage where fiduciary relationships between labels-artists would be possible.

The expectation of legal cost reduction is something that is most sought after by artists and managers alike. Legal costs are seen as something that the artists do not want to have, but need to have at some point. They perceive that if contracts were made simpler (increased readability by

decreasing legal language) and shorter, they and their peers or managers would be better able to review and negotiate an agreement, thus reducing potential risks while mitigating legal costs. These changes would also add to making legal services more accessible as contract review is dependent on the number of hours the lawyer spends on reviewing it and a simpler and shorter contract would reduce those hours. Furthermore, two specific solutions were proposed to reduce legal costs: 1) being able to use alternative payments for legal services, for example, offering a share in the future royalties in the song to the lawyer, and 2) having a default third-party neutral lawyer to regulate and standardise label-artist relationships to enable both parties to reduce legal costs in the contracting process overall.

3.3. Legal-tech and contract review in the music industry

Having established the challenges in the industry related to transparency, information and bargaining power asymmetries, this chapter discusses the possible application of a legal-tech solution to add value to the contract review process and possibly alleviate some of those negative effects on artists. It is evident that artists are in an unfavourable position to obtain fair contracts for developing their careers due to market dynamics and legal barriers (such as costs, and lack of awareness of legal rights and services), however, there is space for them to negotiate for fair(er) terms as contract terms standards in the industry are still in development, provided that they have the necessary help or knowledge to do so. To summarise the experiences and expectations related to the contract review process for artists and managers from previous chapters:

1. Artists lack understanding of and managers have a limited understanding of copyright
2. Legal language is very difficult to understand for artists, but less so for managers
3. Industry standards vary across genres and add complexity to review
4. Professional legal review is considered very important across stakeholders
5. Not all artists have a manager, and a manager's legal capabilities are limited
6. Finding a lawyer is highly challenging and the quality can vary a lot
7. Legal costs are too high, even for an advanced artists
8. Fairness in the industry is sought by removing unfair terms from contracts

The main value propositions and capabilities of legal-tech solutions for contract review are based on time savings, risk mitigation and productivity improvement via increased accuracy in contract

analytics, faster document exploration and data filtering, all of which ultimately contribute to faster, more accurate and considerably cheaper contract review services. To assess the extent to which legal-tech could be applied to tackle the abovementioned difficulties, the challenges shall be discussed in view of possible legal-tech solutions.

- **Artists lack understanding of and managers have a limited understanding of copyright.**
- **Legal language is very difficult to understand for artists, but less so for managers.**

An AI-based legal-tech solution can be used to explore standard, pre-determined clauses in the agreements with annotated explanations to increase comprehension related to copyrights in artist-record label relationships. Also, the ability of language processing AI to summarize and rephrase contract terms can help make documents more transparent and easier to understand by decreasing complexity. However, the effectiveness of such capabilities is unknown in cases where there is cross-referring within the contract or when deal-specific non-standard bespoke terms are included in the contract. Furthermore, an AI would not be able to relate the copyright applications to the context of the specific artist or manager who is using the AI solution and would be limited in its ability to provide clarity for the specific situation.

- **Industry standards vary across genres and add complexity to review.**

It was noted during interviews that term conditions vary according to the genre. Such variations can be taken into account with AI-based solutions that are able to apply context-specific standards, or "playbooks" in its analysis. However, this requires clarity on the various standards among the various genres. As the standards in the music industry are continuously evolving, it might be challenging to integrate a standard which would be viewed as fair by all related parties at any given time. A possible solution to this could be to adapt (machine) learning to develop a database on contract terms that have been identified by the contracts that have been analysed by the AI to create comparative and suggestive capabilities. Such capabilities would enable the legal-tech service to suggest changes to a contract based on more favourable conditions found in other customers' agreements.

- **Professional legal review is considered very important across stakeholders.**

- **Not all artists have a manager, and manager's legal capabilities are limited.**
- **Finding a lawyer is highly challenging and the quality can vary a lot.**

A legal-tech solution could fulfil the role of "the right lawyer" as record agreements are similar in their contents and the AI is promised to mitigate risks related to human errors in contract review. An AI-based review has been stated to be more accurate than its human counterparts, however, the objective of the review process, besides identifying unwanted terms, is to develop strategies to negotiate a better contract. This task is something that requires an understanding of the artist's career setting and personal emotions in the context of the agreement to reason for creative solutions to suit the situation. This is something that an AI is not yet able to achieve. Furthermore, it is unclear whether review accuracy from other, fairly established contexts (NDA's and other such standardised agreements) are applicable to music industry agreements, which are not established on a relatively common standard. This leads to the question of whether the AI would be able to review music contracts with superior quality compared to a human lawyer. However, the AI is able to simplify and accelerate the review process, meaning it could be used as a complementary tool by professionals offering contract review services to increase quality and lower the costs of their services. Furthermore, an AI solution could also be used instead of a human contract review service, however, this would require the artist and/or their manager to familiarise themselves with the copyright context (perhaps with the help of the legal-tech solution itself) and be aware that the AI would have limitations to the depth in which it is able to analyse the contracts. The AI would likely be effective in reviewing the standard agreements that labels offer to artists for releasing particular songs, however, if the contracts become highly bespoke and specific to the artist's situation (moving more towards a "360 deal" in their scope), the AI would likely not be an effective replacement for a human with today's state of the art. Although the review process in those cases would likely not be supported, the legal-tech solution could integrate a solution which would act as an intermediate between an artist seeking bespoke feedback and the right lawyer for the specific task. This would also resonate with the findings related to the artists and managers being more open to high legal costs due to the increased stakes in such situations.

- **Legal costs are too high, even for an advanced artists.**

Although it is difficult to state the extent to which legal costs and related barriers would be reduced for artists by a legal-tech solution because the economic feasibility of such an enterprise has not been evaluated and lies outside of the scope of this research. However, based on the claimed cost

reductions by the contract review AI developers, the likelihood of making legal services more accessible, either directly or indirectly, to artists is significant.

- **Fairness in the industry is sought by removing unfair terms from contracts.**

As expressed by multiple artists and managers, there is a strong urge to reduce unfair terms from label agreements. What is important is that the possibility of the reduction of such terms is quite possible, even for starting artists. As the artists and managers outlined such unwanted/unfair terms to be mostly related to quite specific and standard conditions (exploitation period duration, no perpetual rights, no exclusivity on the artist's name etc.), a strong case could be made for a legal-tech solution to have a broader impact to the industry than just the contract review process. As much of the acceptance of these unfair terms is related to the lack of awareness among artists and their managers, a legal-tech solution could prove to be very helpful in detecting such frequently proposed terms and creating the awareness among the artist community based on the abovementioned learning capabilities to contribute towards the evolution of the music contract standards to something which is more artist-friendly. With this approach, fairness in the industry would be addressed through the evolution of agreement standards by artists and managers negotiating agreements to exclude predatory terms, pushing record companies to adapt their standard agreements accordingly.

With the possibilities of legal-tech application in the music contract review process in mind, the author envisions an opportunity for an AI-based contract feedback platform for artists, managers and music lawyers, which would also incorporate a product that connects artists and managers to lawyers based on case-by-case needs. The platform could be used by artists and managers in early or intermediate career stages to get feedback on agreements that are used in that stage (leaving out highly bespoke agreements for advanced artists) and identify at least basic critical predatory terms (such as exclusivity on artists name) which they can then negotiate to be excluded from the agreement. Such a platform should be able to nurture trust among the potential user groups of artists, managers and lawyers by reducing risks related to human errors and offering a bias towards the artist.

Artists and managers with more bespoke needs could use the lawyer connection product to find a suitable lawyer that is able to provide feedback in the context of their specific needs. Lawyers could use the platform to expedite their contract review services by automating the review of

standard terms, thus reducing review times and leaving room to serve more customers. Such a platform should be able to offer the stakeholders increased access to professional contract feedback. reduce related costs and enable career development based on agreements that take artist's needs into higher consideration

For increasing the success of creating such a platform and offering the review-feedback and lawyer connection services, the technology acceptance model developed by Taiwanese researchers could be used as a guidance for enacting trust through responsibility in the outcome, creating ease of use for the users, nurturing trust by emphasising aspects of computer superiority over humans and highlighting the problem solving and cost reduction capabilities that benefit the users (Xu & Wang, 2018).

CONCLUSION

The aim of this thesis was to assess whether an emerging technology could offer value in contract review processes in the music industry, potentially providing some relief to decades-old industry challenges related to lack of transparency and artists being taken advantage of by signing them into unfavourable long-term agreements. The author undertook exploratory research based on a grounded theory approach to develop an understanding of the experiences and expectations of stakeholders in the contract review process. The data for analysis was collected by semi-structured interviews with nine artists and three managers at various career stages. The interviewees were at the time of the research mostly active in the electronic and pop genres. The research indicated that there are challenges related to awareness about copyrights and industry standards, finding professional help, and most prominently, costs of getting professional help. Furthermore, the stakeholders are seeking fairness and respect in their dealings with record companies as unfavourable and unfair contract conditions are seen as too common in the industry.

The assessment of stakeholders' experiences and expectations, and legal-tech capabilities in contract review processes showed that an AI-based legal-tech solution can add value to the process in multiple ways. One of the ways is by exploring critical clauses in the contracts and providing context with annotation to notify of unfair terms and increase awareness about copyrights and contract contents. This could also be applied across genres which have different standards in their agreements. The major benefit of applying a legal-tech solution in the contract review context would be the possible cost reductions to its users, which could be the artists, their managers or even lawyers who provide contract review services to the first two groups. Such cost reductions could be created directly by reducing the need of involving lawyers in the review process, or indirectly by enabling lawyers to provide review services more effectively. The main benefits which AI would provide in contract review to reduce costs are in increasing document exploration speed, accuracy in contract analytics and data filtering based on pre-determined criteria.

However, the ability of the AI to provide value in the review process has limitations. The two main limitations of the AI are related to its ability to review bespoke agreements and to provide the user

with negotiation strategies. What adds to these limitations is that it is unclear if the AI would be able to analyse and detect any possible risks in clauses which are cross-referencing to other parts of the document. Furthermore, an AI would not be able to relate to the specific context of the artist or manager who is seeking a review and would be limited in its ability to provide clarity in relation to specific situational needs as such cognitive tasks cannot be performed by the current state of the art. Although AI would likely not be an effective replacement for lawyers in reviewing highly bespoke and specific situations it could still offer value to many stakeholders who are seeking to review a standard agreement that record companies offer to artists who have yet reached stardom. Furthermore, an AI solution could also integrate a product which would connect artists and lawyers for bespoke situations, which would also tackle the challenge related to finding a lawyer.

Although the findings suggest that legal-tech could to an extent provide value to stakeholders in the review process, it should be noted that there are inherent limitations to the applicability of these findings. Such limitations include a potential bias in the marketing materials related to legal-tech capabilities and benefits benchmarks, potentially over-promising what an AI solution could achieve in today's context. Furthermore, there is likely a limitation on the extent of the information that the interviewees revealed during data collection as confidentiality in record company agreements is a requirement, meaning that there are potentially uncovered challenges that artists face in regard to record company contracts. Lastly, the sample of this research consisted of artists and managers in the pop-electronic, and its derivative genres (house, EDM), which puts a limitation on the applicability of the findings to artists in different genres such as rock or classical music. A further limitation of the applicability of the findings to the artist population, in general, is the explorative qualitative nature of this research which, as opposed to quantitative research looking to predict inferences to the population from a sample group, aimed to discover and explain previously unstudied social phenomena.

With the limitations in mind, the research does however contribute to the field by increasing knowledge related to a fundamental process in an artist's career development. The increase in knowledge is derived from exploring the relevance of known contract review process dynamics and exploring new ones. To the author's knowledge, it is also one of the first attempts at creating academic research on the topic of contract review in the music industry as previously published knowledge on the topic was limited mostly to fragmented industry periodicals. The knowledge developed here could be used by artists and industry professionals as a consideration for future decisions related to career development or as a proposal for a legal-tech solution to meet currently

unmet needs in the contract review process. Future research based on the knowledge developed in this thesis can be undertaken to assess economic feasibility of a legal-tech solution in the contract review process in the music industry, analyse the applicability of the findings of this research to the music artist population, assess the impact of predatory contract terms on music industry and cultural development , and evaluate the implementation of such a legal-tech solution in public and private sector contexts.

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APPENDICES

Appendix 1. Interview manual

The questions and briefing presented below are consolidated from the various interview question developments as they took place over the course of the data collection phase.

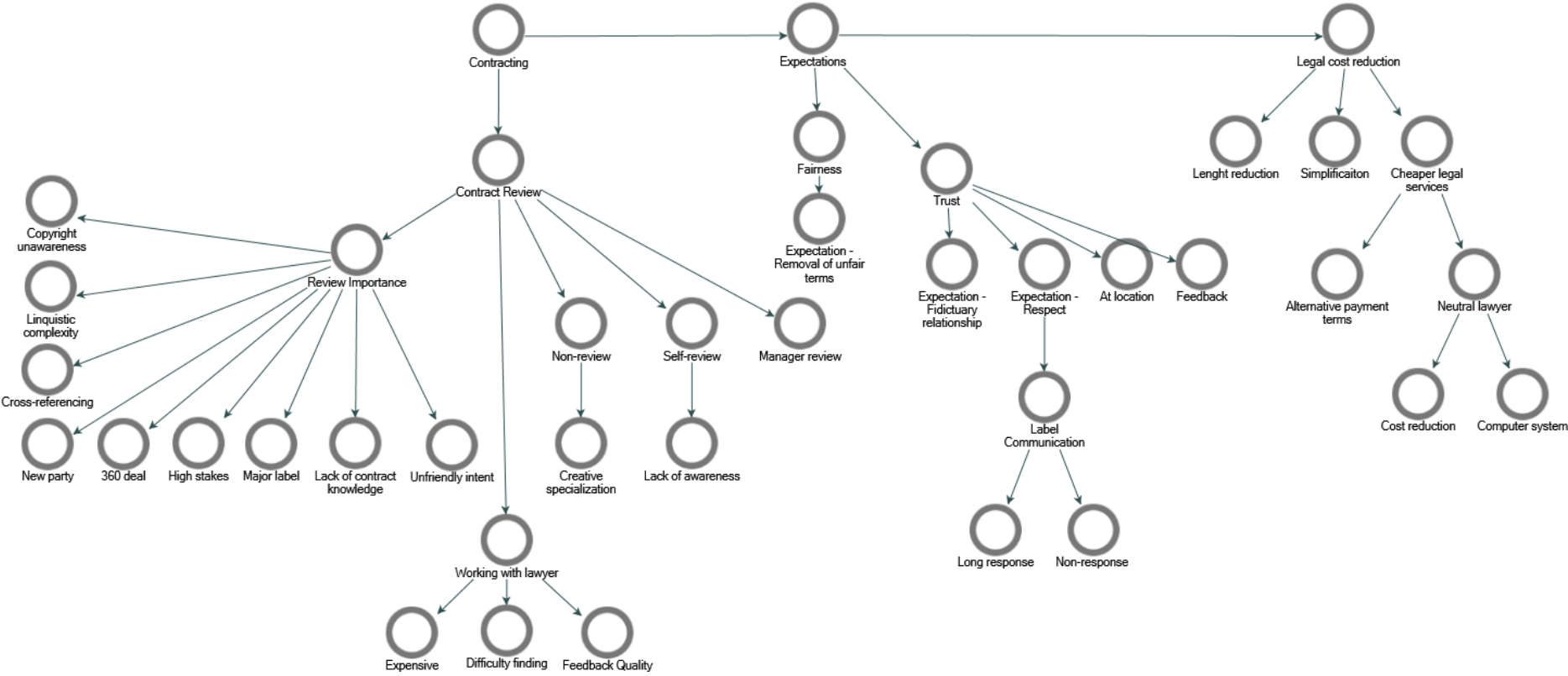
BRIEFING: (1) There are no right or wrong answers as I am interested in your subjective, personal opinion. (2) You will not be asked to share any names or details about the parties you've interacted with nor details of the contents of the agreements you've signed with them. (3) The interviews are anonymous; your name will be coded and the readers cannot recognize you.

Interview questions:

- In your case, what were the events leading up to an interaction or a contract with a record company? Why those?
- Describe the process of signing an agreement with a record company.
- Mentioning contract review:
 - What action did you take to review the contents of the contract? Why those?
 - How important is it for you to review the contents of the contract? Is that something you do yourself or does anybody help you? Who? Why?
 - In what format was the contract sent to you by the label? (PDF, .doc etc.)
 - What do you think, should there be a professional to do so or not? Why do you think so?
 - In case you had a professional conduct the review, how did you find the person?
 - What makes a good lawyer good?
 - How long did the person take to provide you with feedback? Did you find the time sufficient/too short/too long? Why?
 - In what form did you receive the feedback? How would you evaluate the feedback that you received? Why so?

- In your experience, what does a typical contract review cost by a professional? Is that additional cost expensive for you or not? Why do you think so? Would you use the services more frequently if it were cheaper?
- Would you rather have a manager review a contract or a lawyer?
- Would you trust a computer to review an agreement?
- Did you encounter any challenges during the review process or rather not? If yes, which? How did you solve them?
- How long did it take from negotiations until the contract was signed by everybody? How do you feel about that time?
- Are there any time pressures to signing a contract?
- Were you able to negotiate the contents of the agreement or not? If yes, to what extent? Did you get all your requests approved or not? Why? How do you feel about it?
- What kind of unfair terms have you come across in contracts?
- Were there any challenges with the interaction with the record company overall or not? If yes, what kind? How were they solved? How do you feel about them?
- What is your view on "360-degree deals"?
- Would you do anything differently if you were the record company or the lawyer – or not? If yes, what would it be? Why would you do it differently?
- Tell me, if you had the power over how things worked, what would the contract negotiation and signing process look like? Why that? What about the interactions with record companies or lawyers, would you like anything to be different or rather not? What? Why?

Appendix 2. Nvivo contracting process map



Source: Compiled by author based on sample group interviews

Appendix 3. Contracting and contract review code tree

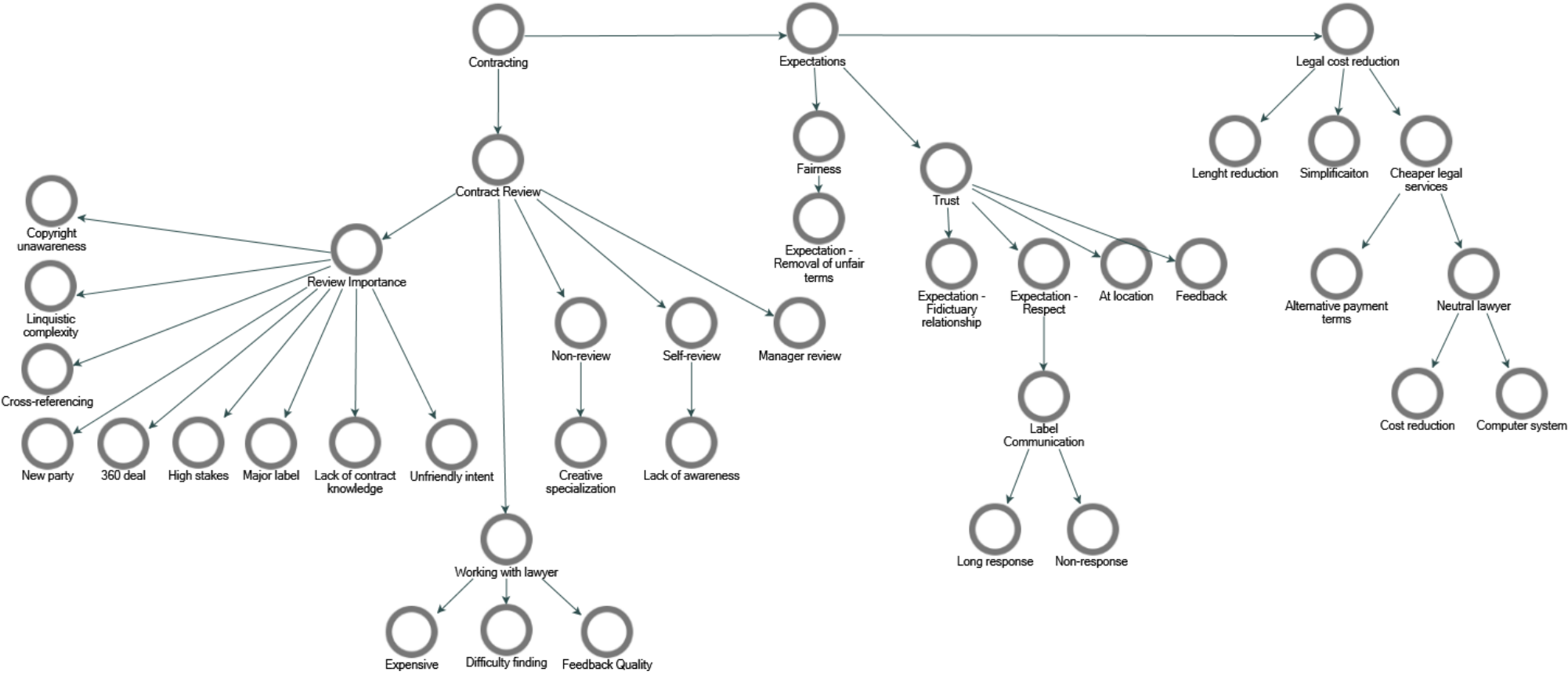


Figure 5. Contracting and contract review code tree

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