

Screen Option Example



Real Fast Hollywood Deal

© Copyright 2016 Ken Atchity and RealFastHollywoodDeal.com All Rights Reserved. This guide may not be reproduced or transmitted in any form without the written permission of the publisher. Every effort has been made to make this guide as complete and accurate as possible. Although the author and publisher have prepared this guide with the greatest of care, and have made every effort to ensure the accuracy, we assume no responsibility or liability for errors, inaccuracies or omissions. Before you begin, check with the appropriate authorities to insure compliance with all laws and regulations.

Every effort has been made to make this report as complete and accurate as possible. However, there may be mistakes in typography or content. Also, this report contains information on online marketing and technology only up to the publishing date. Therefore, this report should be used as a guide – not as the ultimate source of Internet marketing information.

The purpose of this report is to educate. The author and publisher does not warrant that the information contained in this report is fully complete and shall not be responsible for any errors or omissions. The author and publisher shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused or alleged to be caused directly or indirectly by this report, nor do we make any claims or promises of your ability to generate income by using any of this information.

As of August

Dear Messrs. _____ and _____:

This will confirm the agreement between _____ ("Purchaser") and both of you (collectively "you") with respect to the original, unpublished, unexploited screenplay entitled "_____" written by you (which, together with the title, themes, contents and characters, and all translations, adaptations, and other versions thereof now or hereafter owned by you, whether now existing or hereafter created, is hereinafter called the "Property").

In consideration of the parties' mutual promises, it is hereby agreed as follows:

1. OPTION

(a) You hereby exclusively and irrevocably grant to Purchaser two (2) consecutive options (the "Option"), each lasting for one (1) year, to purchase all rights in the Property as set forth in paragraph 6 hereof (the "Rights"). The initial option period shall commence on the date on which you deliver this Agreement and all attachments hereto to Purchaser fully-executed. The initial option period may be extended by Purchaser for the second option period at any time prior to the expiration of the initial option period.

(b) The initial option period shall be at a cost of Two Thousand Five Hundred Dollars (\$2,500), payable upon the full execution hereof. The second option period shall be at a cost of Two Thousand Dollars (\$2,000), payable, if at all, not later than the expiration of the initial option period. The option payment

with respect to the initial option period shall be applicable against the Purchase Price (as defined below). The option payment with respect to the second option period shall not apply against said Purchase Price.

(c) During the option period (and extensions thereof, if any), Purchaser shall have the right to engage in or arrange for pre-production with respect to motion pictures and/or other productions intended to be based on the Property. The first such motion picture or other production is referred to herein as the "Picture." If in connection with such pre-production another party is engaged by Purchaser to write screenplays or other materials based on the Property, all such writings shall be and remain Purchaser's sole and exclusive property (whether or not Purchaser exercises the Option hereunder).

2. PURCHASE PRICE. If Purchaser exercises the Option, the purchase price for the Rights shall be the following amount ("Purchase Price"), as applicable:

(a) Self-Financing or Co-Financing. If Purchaser self finances or co-finances the Picture with a third party, Twenty Thousand Dollars (\$20,000), less the initial option payment. In the event Purchaser co-finances the Picture with a third party (as opposed to an outright sale or self-financing), then, depending upon the amount of the budget of the Picture, Purchaser agrees to use reasonable efforts to increase the Purchase Price. In the event Purchaser enters into a binding unconditional agreement with a third party pursuant to which such third party acquires outright all rights in and to the Property, then you shall be entitled to receive the greater of said Twenty Thousand Dollars (\$20,000) or one-third (1/3) of the net profits generated from such sale. For purposes of this Paragraph 2(a) only, "net profits" shall be determined as follows: all gross amounts actually received by Purchaser from the sale of all rights in the Property, less the following deductions: (i) Purchaser's actual out-of-pocket costs incurred in connection with developing and producing the Picture; plus (ii) an overhead charge in an amount equal to fifteen percent (15%) of (i) plus interest on (i), and (ii) at the prime rate charged by the Bank of America (Los Angeles Branch) at the time, plus two percent (2%).

(b) Third Party Financing. If a studio or other third party fully finances the Picture, in lieu of the amount set forth in (a), an amount equal to two and one-half percent (2-1/2%) of the final approved budget of the Picture, less the initial option payment, up to a maximum ceiling of Two Hundred and Fifty Thousand Dollars (\$250,000). The "final approved budget" shall

be the going-in budget of the Picture, exclusive of interest, financing charges, completion bond fees, overhead and any contingency.

(c) Exercise Date. The Option, if exercised, shall be exercised by written notice or by commencement of principal photography of the Picture, whichever is sooner.

3. NET PROFITS

If the Option is exercised and the Picture is produced and released based on the Rights granted and material written by you hereunder, and if pursuant to a final credit determination under this Agreement you shall receive screenplay credit in connection with the Picture, provided that Purchaser does not sell outright the rights to produce the Picture to a third party, Purchaser will pay you:

(a) If you receive sole "screenplay by" or sole "written by" credit ("Sole Credit"), an amount equal to five percent (5%) of one hundred percent (100%) of the Net Profits of the Picture; and

(b) If you receive shared "screenplay by" or shared "written by" credit with any other writer or writers ("Shared Credit"), an amount equal to two and one-half percent (2-1/2%) of one hundred percent (100%) of the Net Profits of the Picture.

(c) In the event Purchaser solely finances the Picture, Purchaser shall have the right to, in lieu of the amounts set forth in subparagraph (a) or (b) above, elect to pay you either (i) five percent (5%) of Purchaser's Net Profits or (ii) five percent (5%) of the first \$100,000 of Net Profits received by Purchaser, plus seven and one-half percent (7.5%) of the second \$100,000 of Net Profits received by Purchaser, plus ten percent (10%) of the next Three Hundred Thousand Dollars (\$300,000) of Net Profits received by Purchaser, and fifteen percent (15%) of the Net Profits received by Purchaser in excess of Five Hundred Thousand Dollars (\$500,000). Purchaser's election under this paragraph shall be made prior to the date of commencement of principal photography.

The "Net Profits" referred to in this Agreement shall be computed, determined and payable in accordance with and subject to the definition of net profits applicable to Purchaser in its agreement with the distributor of the Picture, if there is one worldwide distributor of the Picture which provides the entire financing for the Picture, and if there is more than one distributor and/or the single worldwide distributor does not provide the entire financing for the Picture, then in accordance with Purchaser's standard definition of net profits, which shall in any event provide for, without limitation, recoupment of all of Purchaser's costs in connection with the Picture, interest and overhead of 15%. Included in the cost of production shall be a producer's fee to Purchaser in an amount not to exceed Two

Hundred Thousand Dollars (\$200,000). The definition of Net Profits accorded to you pursuant to this Paragraph 3 shall in any event be no less favorable than the definition accorded any third party.

4. "PASSIVE" PAYMENTS

(a) If the Picture, as released, was based on the rights granted and material written by you hereunder and if you shall receive sole writing credit in connection therewith, and provided you shall faithfully and completely keep and perform each and every covenant and condition of this Agreement on your part to be kept and performed, then for a period of five (5) years after the initial release of the Picture, if Purchaser elects, in its sole discretion, to produce or authorize the production of the initial theatrical sequel, initial theatrical remake, MOW, mini-series or TV series pilot based upon the Picture, and if you do not render writing services in connection with such theatrical remake, theatrical sequel, MOW, mini-series or TV pilot, then you shall be entitled to receive the following passive payments (reduced by one-half (1/2) for shared credit.

(i) Additional Payments: Sequel or Remake Theatrical Motion Pictures

(1) For each sequel motion picture intended for initial theatrical release which is produced by or under the authority of Purchaser and which is based upon the Picture, you shall be paid an amount equal to one-half (1/2) of the sums actually paid to you under paragraph 2 hereof, plus an amount equal to one-half (1/2) of the applicable percentage (if any) specified in paragraph 3 hereof, of the Net Profits of such sequel.

(2) For each remake motion picture intended for initial theatrical release which is produced by or under the authority of Purchaser and which is based upon the Picture, you shall be paid an amount equal to one-third (1/3) of the sums actually paid to you for the Picture under paragraph 2, plus an amount equal to one-third (1/3) of the applicable percentage (if any) specified in paragraph 3 hereof, of the Net Profits of such remake.

(3) The fixed sums due you pursuant to this subparagraph (i) shall be payable upon commencement of principal photography of such sequel or remake

theatrical motion picture, as the case may be.

(4) The foregoing payments for sequel or remake theatrical motion pictures shall entitle Purchaser to unlimited rights of exhibition and exploitation with respect to each such sequel or remake in perpetuity, in any and all media whether now existing or hereafter devised.

(ii) Additional Payments - Television Series

For each production produced by or under the authority of Purchaser which is an episode of a television series, and which series is based upon the Picture, and which is intended for initial exhibition on free United States prime-time network television, you shall be paid the following amounts (reducible by one-half (1/2) for episodes intended for initial exhibition in the United States on other than free prime-time network television), such payment for each such episode shall be made upon the broadcast of each such episode:

(1) One Thousand Two Hundred Fifty Dollars (\$1,250) for each episode of not more than thirty (30) minutes in length.

(2) One Thousand Five Hundred Dollars (\$1,500) for each episode of more than thirty (30) minutes but not more than sixty (60) minutes in length; and

(3) One Thousand Seven Hundred Fifty Dollars (\$1,750) for each episode of more than sixty (60) minutes in length; and

(4) If any such television program is rerun, you shall be paid one hundred percent (100%) of the applicable sum initially paid you pursuant to subparagraphs (ii)(1) through (ii)(3) above spread over the second, third, fourth, fifth, and sixth runs. No further rerun payments shall be due or payable for any run after the sixth run.

(iii) Additional Payments - MOW or Mini-Series

For each motion picture produced by or under the authority of Purchaser which is an MOW or mini-series, and which is based upon the Picture, and which is intended for initial exhibition in the United States on free prime-time

network television, you shall be paid Ten Thousand Dollars (\$10,000) for each hour thereof, up to a maximum of Eighty Thousand Dollars (\$80,000), reducible by one-half (1/2) if intended for initial exhibition in the United States on other than free prime-time network television. Such payment shall be made upon broadcast of the MOW or Mini-Series.

(iv) Application of Payments

The amounts payable to you under this paragraph 4 shall be deemed an advance against and deductible from (or where allowed, in lieu of) any amounts which may become payable to you pursuant to the Writers Guild of America ("WGA") Basic Agreement ("WGA Agreement") or any other guild agreement which may be applicable, in connection with television programs, sequel or remake theatrical motion pictures, and the reverse shall also be the case. No duplication of payment or second payment under this paragraph 4 shall be made to you in the event that the theatrical sequel or remake shall be released for television exhibition or in the event that any television program, sequel or remake shall be released theatrically.

5. Writing Services. In consideration for the amounts payable to you hereunder, and other good and valuable consideration, the receipt and adequacy of which you hereby acknowledge, you shall perform such rewrite and polish services as may be required by Purchaser in connection with the Property from the date hereof until completion of principal photography of the Picture, if any. No additional sums shall be payable to you in connection with the writing services which may be required by Purchaser pursuant to this Paragraph. All results and proceeds of your writing services hereunder are being performed for Purchaser as a work-made-for-hire, with Purchaser being deemed the sole author and copyright holder thereof throughout the universe in perpetuity.

6. RIGHTS.

(a) If the Option is exercised, you hereby assign to Purchaser, exclusively, in perpetuity and throughout the universe, all right, title and interest, including the entire copyright, in the Property, including, without limitation, all motion picture rights, all television rights (pay, free, film, tape, cassette, cable, live and otherwise) and all allied and incidental rights in the Property, including, by way of further illustration, sequel and remake rights, music rights, soundtrack album rights, merchandising rights, radio rights, stage rights and promotional and advertising rights.

(b) The rights herein granted include the right to distribute, transmit, exhibit, broadcast and otherwise exploit all works produced pursuant to the rights granted hereunder by means of any and all media and devices whether now known or hereafter devised, and in any and all markets whatsoever, as well as the right of Purchaser in its discretion to make any and all changes in, additions to and deletions from the Property, as well as the right to use, in a reasonable and customary manner, your name, likeness and biography in and in connection with the exploitation of the rights granted hereunder; provided, that in no event shall your name, likeness and/or biography be used hereunder to endorse any product, service, individual or entity, or other than in connection with the exploitation of the rights granted hereunder. Nothing contained in this Option Agreement shall be construed as requiring Purchaser to exercise or exploit any of the rights granted to Purchaser hereunder.

(c) You agree that Purchaser shall have the unlimited right to vary, change, alter, modify, add to and/or delete from all or any part of the Property (including without limitation the title or titles thereto), and to rearrange and/or transpose all or any part of the Property and change the sequence thereof and the characters and descriptions of the characters contained in the Property and to use a portion or portions of the Property in conjunction with any other literary, dramatic or other material of any kind.

7. REPRESENTATIONS AND WARRANTIES

You hereby represent and warrant that: (a) the Property and all material to be written by you hereunder (the "Revisions") is or shall be written by and shall be wholly original with you; (b) neither the Property, the Revisions nor any element thereof infringes the copyright in any other work; (c) neither the Property, the Revisions nor their exploitation will violate the rights to privacy or publicity of any person or constitute a defamation against any person, or in any other way violate the rights of any person whomsoever; (d) you own all rights optioned to Purchaser free and clear of any liens, encumbrances, and other third party interests, and any claims or litigation, whether pending or threatened; (e) you have full right and power to make and perform this Option Agreement without the consent of any third party; (f) the Property has not previously been exploited as a motion picture or television production; and (g) the Property does and will continue to enjoy either statutory or common law copyright protection in the United States and all countries adhering to either or both the Berne and Universal Copyright Conventions. You hereby agree to defend, indemnify and

hold harmless Purchaser, its successors, licensees and assigns and the directors, shareholders, employees and agents of the foregoing, from and against any and all claims, damages, liabilities, costs and expenses (including reasonable attorneys' fees) arising out of the breach or alleged breach by you of any warranty or undertaking made or to be performed by you under the terms of this Option Agreement.

8. ADDITIONAL DOCUMENTS

At Purchaser's request and expense, you will execute any and all additional documents and instruments reasonably necessary or desirable to effectuate purposes of this Option Agreement (including, without limitation, short-form options and assignments in the form attached hereto and by this reference incorporated herein). You hereby irrevocably appoint Purchaser (or Purchaser's designee) as attorney-in-fact with full power to execute, acknowledge, deliver and record in the U.S. Copyright Office or elsewhere any and all such documents which you fail to execute, acknowledge and deliver within five (5) business days after Purchaser's request therefor.

9. CREDIT

You shall receive screenplay credit on screen and in paid advertising issued by Purchaser or under its direct control in connection with the Picture as if the standards of the WGA Agreement controlled this Agreement (provided any decisions which under the WGA Agreement are to be made by the WGA or any arbitration panel shall instead be made by Purchaser in accordance with WGA standards). You shall also receive story credit on screen to be shared with _____ in size and position to be determined by Purchaser. In addition, you shall receive credit on screen as "co-producers" of the Picture in a size and position to be determined by Purchaser in its sole discretion. It is acknowledged and agreed that no casual or inadvertent failure by Purchaser to accord such credit nor the failure for any reason by third parties to comply with the provisions of this paragraph, shall be deemed a breach hereof by Purchaser. It is further acknowledged and agreed that neither such failure, nor any other breach of this Option Agreement, shall entitle you to equitable relief, whether injunctive or otherwise, against or with respect to the Picture or any other works produced pursuant to the rights granted hereunder or their exploitation, since your remedy of money damages at law is adequate.

10. COPYRIGHT

All rights granted and agreed to be granted to Purchaser under this Option Agreement shall be irrevocably vested in Purchaser (including, without limitation, for the full term of copyright protection everywhere in the world and any and all renewals thereof), and shall not be subject to rescission by you or any other party for any cause, nor shall said rights be subject to termination or reversion by operation of law or otherwise, except to the extent, if any, that the provisions of any copyright law or similar law relating to the right to terminate grants of, and/or recapture rights in, literary property may apply. If the rights granted to Purchaser hereunder shall revert to you pursuant to the provisions of any copyright law or similar law, and if you are at any time thereafter prepared to enter into an agreement with a third party for the license, exercise or other disposition of all or any of such rights, you shall, before entering into such agreement, give Purchaser written notice of the terms thereof and the party involved. Purchaser shall then have fourteen (14) days in which to elect to acquire the rights involved on the terms contained in the notice. If Purchaser so elects in writing, you shall enter into a written agreement with Purchaser with regard thereto.

11. FEDERAL COMMUNICATIONS ACT

You are aware that it is a criminal offense under the Federal Communications Act, as amended, for any person to accept or pay any money, service or other valuable consideration for the inclusion of any plug, reference, product identification or other matter as part of a television program, without disclosure in the manner required by law. You understand that it is the policy of Purchaser to prohibit the acceptance or payment of any such consideration, and you represent that you have not accepted or paid and agree that you shall not accept or pay any such consideration.

12. ASSIGNMENT

Purchaser shall have the right to assign any or all of its rights under this Option Agreement to any person, and any such assignment shall relieve Purchaser of its obligations to you under this Option Agreement, provided that such assignee assumes all of Purchaser's obligations hereunder in writing. You shall not have the right to assign this Option Agreement.

13. FORCE MAJEURE

The option period hereunder shall be subject to extension

for any period of default and/or force majeure (including without limitation any strike by any guild, union or other labor organization against motion picture producers during the option period) if said force majeure event materially inhibits Purchaser's ability to develop the Property, and any period during which any claim remains outstanding or unresolved which involves the breach or alleged breach of any of your warranties, representations or agreements herein.

14. APPLICABLE LAW/JURISDICTION

This Agreement will be interpreted in accordance with the laws of the State of California applicable to agreements entered into and to be wholly performed therein. You hereby consent to the exclusive jurisdiction of the courts (State and Federal) located in the County of Los Angeles, State of California.

15. NOTICES

(a) All notices from Purchaser to you shall be sent to you at the address on page one hereof.

(b) All notices from you to Purchaser shall be sent to Purchaser at the address on page one hereof with a mandatory copy to:

(c) All payments which Purchaser may be required to make to you hereunder shall be delivered or sent to you by mail or telegraph at the address for payments set forth on page one hereof, and you acknowledge that payment in such fashion shall be a good and valid discharge of all such indebtedness to you.

16. RENTAL RIGHT

You acknowledge and agree that the following sums are in consideration of, and constitute equitable remuneration for, the rental right included in the rights granted hereunder: (1) an agreed allocation to the rental right of 3.8% of the fixed compensation and, if applicable, 3.8% of the contingent compensation provided for in this Agreement; and (2) any sums payable to you with respect to the rental right under any applicable collective bargaining or other industry-wide agreement; and (3) the residuals payable to you under any such collective bargaining or industry-wide agreement with respect to home video exploitation which are reasonably attributable to sale of home video devices for rental purposes in the territories or jurisdictions where the rental right is recognized. If under the applicable law of any territory or jurisdiction, any additional or different form of compensation is required to satisfy the requirement of equitable remuneration, then it is agreed that the grant to Purchaser of the rental right shall nevertheless be fully effective, and Purchaser shall pay you such compensation or, if necessary, the parties shall in good faith negotiate the amount and nature thereof in accordance with applicable law. Since Purchaser has already paid or agreed to pay you equitable remuneration for the rental right, you hereby assign to Purchaser, except to the extent specifically reserved to you under any applicable collective bargaining or other industry-wide agreement, all compensation for the rental right payable or which may become payable to you on account or in the nature of a tax or

levy, through a collecting society or otherwise. You shall cooperate fully with Purchaser in the collection and payment to Purchaser of such compensation. Further, since under this Agreement Purchaser has already paid or agreed to pay you full consideration for all rights granted by you hereunder, you hereby assign to Purchaser, except to the extent specifically reserved to you under any applicable collective bargaining or other industry-wide agreement, all other compensation payable or which may become payable to you on account or in the nature of a tax or levy, through a collecting society or otherwise, under the applicable law of any territory or jurisdiction, including by way of illustration only, so-called blank tape and similar levies. You shall cooperate fully with Purchaser in connection with the collection and payment to Purchaser of all such compensation.

17. IMMIGRATION REFORM ACT

You warrant and represent that you are eligible to be employed in the United States in compliance with the Immigration Reform Act of 1986, as amended. As a condition precedent to your receipt of any payment hereunder, you will complete the requisite I-9 Form and will present such form to Purchaser along with the requisite documentation, as specified on the I-9 Form, evidencing that you may be lawfully employed.

18. Conflict Waiver

The parties hereto acknowledge that the law firm of _____ ("Firm") has heretofore been retained by each of them as attorneys-at-law to furnish each of them legal advice and services, including with respect to the Property and this Agreement. The parties further acknowledge that, at their joint request, the Firm has drafted this letter agreement, which is intended to memorialize the agreement between the parties. We acknowledge that the Firm's joint representation of us has been with the knowledge, informed consent and approval of each of us, and we will not assert any claim at any time that the agreement is not valid because of such representation. We further acknowledge that we have been advised to seek, and have had ample opportunity to seek, independent business and legal counseling with respect to such representation and this Agreement.

19. ENTIRE UNDERSTANDING

This Agreement constitutes the entire understanding between the parties and cannot be modified except by written agreement signed by Purchaser and you.

20. MISCELLANEOUS

If there is any conflict between any provision of this Option Agreement and any present or future statute, law, ordinance or regulation, the latter shall prevail; provided, that the provision hereof so affected shall be limited only to the extent necessary and no other provision shall be affected.

Please signify your agreement to the foregoing by signing this letter in the space provided below.

Very truly yours,

By: _____
Its: _____

AGREED TO AND ACCEPTED:

SHORT FORM OPTION AGREEMENT

KNOWN ALL MEN BY THESE PRESENTS: that in consideration of the payment of One Dollar (\$1.00) and other good and valuable consideration, receipt whereof is hereby acknowledged, the undersigned _____ and _____ do hereby sell, grant, assign and set over unto _____ (hereinafter referred to as "Purchaser"), and its representatives, successors and assigns, the exclusive option, for an initial option period of twelve (12) months, plus extensions, to acquire all rights, including, without limitation, the sole and exclusive motion picture rights, television rights, radio broadcasting rights, and all allied and incidental rights throughout the world in perpetuity, in and to that certain original screenplay described as follows:

Title: " _____ "

Written by: _____ and

Copyright Registration:

including all contents thereof, all present and future adaptations and versions thereof, and the theme, title and characters thereof, and in and to the copyright thereof and all renewals and extensions of such copyright.

The undersigned and Purchaser have entered into or are entering into a formal option/literary purchase agreement dated as of _____ relating to the transfer and assignment of the foregoing rights in and to said literary work, which rights are more fully described in said option/literary purchase agreement, and this assignment is expressly made subject to all of the terms, conditions and provisions contained in said option/literary purchase agreement.

IN WITNESS WHEREOF, the undersigned has executed this Option Agreement as of this _____ th day of _____.

ASSIGNMENT

KNOWN ALL MEN BY THESE PRESENTS: that in consideration of the payment of One Dollar (\$1.00) and other good and valuable consideration, receipt whereof is hereby acknowledged, the undersigned _____ and _____ do hereby sell, grant, assign and set over unto _____ (hereinafter referred to as "Purchaser"), and its representatives, successors and assigns forever, all rights, including without limitation the sole and exclusive motion picture rights, television rights, radio broadcasting rights, and all allied and incidental rights throughout the world in perpetuity, in and to that certain original manuscript work described as follows:

Title: _____"

Written by: _____ and

Copyright Registration:

including all contents thereof, all present and future adaptations and versions thereof, and the theme, title and characters thereof, and in and to the copyright thereof and all renewals and extensions of such copyright.

The undersigned and Purchaser have entered into or are entering into a formal literary purchase agreement dated as of _____ relating to the transfer and assignment of the foregoing rights in and to said literary work, which rights are more fully described in said literary purchase agreement, and this assignment is expressly made subject to all of the terms, conditions and provisions contained in said literary purchase agreement.

IN WITNESS WHEREOF, the undersigned has executed this Assignment as of this _____ day of _____ 19__.

