

ROYALTIES AND PERMISSION FEES

A royalty is the payment made to an author for each copy of a work sold by a publisher; depending on their contracts, authors receive varying percentages of the publisher's profit per book. "Royalty calculations can include escalations that attach higher rates to greater numbers of books sold," with authors normally receiving a higher percentage of the take from the more expensive hardbound books. In the early years of the twenty-first century, publishers typically paid 10 percent on the first 5,000 hardback copies and up to 15 percent on anything over 10,000. For trade paperbacks, a figure of 7½ percent for up to 10,000 copies and 10 percent on additional copies was standard. If an author was fortunate enough to have her book published as a mass market paperback, she could expect 6 to 8 percent royalties for the first 150,000 copies, and 8 to 10 percent for sales over 150,000 (Evans and Evans 2003, 101).

Aspiring authors looking at these numbers may wonder why, after they have done all the work of writing a book, their publishers should receive up to 94 percent of the profits. Unless I write nothing but bestsellers, an author may ask, how in the world am I supposed to make a living through

my writing? It's a good question—one that most published authors would, unfortunately, have trouble answering.

Of course, most authors beginning a book have high expectations, and, in the early stages, those expectations may be bolstered financially by an enthusiastic editor. If a publisher believes the book has strong sales potential, an author is likely to receive an initial “advance against royalty.” This may seem like free money to an unwary author: after all, he is getting paid before he even finishes his book. Surely, there will be great riches awaiting him when the book is actually completed. In fact, an advance “is not a no-strings gift from the publisher. It is deducted from future royalties on the sale of the book. Thus an author may not receive any royalty checks for a year or more” (Embree 2003, 128). The nonpayment of royalties for an extended period after a book's publication can be disheartening. Morris Rosenthal, who has undergone this experience, sees “publishers as little more than law firms with an editorial department in tow.” Rosenthal provides the cynic's perspective on why and how authors fail to negotiate for adequate royalties: “Publishers reel in unwary authors with a carrot, the advance, then whack them with a stick, the contract. An acquisitions editor is the employee at the publisher whose job it is to sign authors to write books. Most new authors fail to retain legal counsel before signing their first book contract, and actually depend on the acquisitions editor to tell them what's fair and normal for the publisher to request. This creates an excellent negotiating position for the publisher and a horrible one for the author. Unfortunately, publishers really take advantage” (2005).

As Beth Luey, points out, illusions about the money to be made from royalties are a persistent source of friction between authors and publishers. Yet Luey believes that small and university presses, at least, do not take unfair advantages of the authors they publish:

An author whose book is priced at \$40.00 and whose royalty is 10 percent figures “\$4.00 per book, and they're printing 1,500, so I should get \$6,000.” Unfortunately, the royalty may be paid on net receipts (20 to 40 percent less than gross), at least 100 copies will be given away free for reviews and publicity, and not all the other copies will be sold. When the first royalty check arrives and the author gets, say, \$1,500—knowing that the first year is probably the best—disappointment sets in. With disappointment comes suspicion. Where does the rest of the money go, anyway? Authors who do not know what it costs to produce a book and do not understand prices and discounts are apt to think mistakenly that presses are getting rich from their labors. They are not.

University presses do make money on some titles but rarely more than the authors do. (2002, 6)

In a word, most authors will not be able to make a living from their book royalties. As frequenters of gambling casinos know all too well, the house always wins, and most publishing houses effectively cover themselves against losses by insisting on contracts that make sure their own risk and expenses are protected before their authors receive a penny in royalties. Luckily, there are a number of alternative ways to benefit financially from the prestige of being a published author. Most authors with teaching jobs (q.v.) were offered their positions because they have been published. And “many book authors use the books to generate ancillary income from related activities such as speaking, lecturing, consulting and training” (Bly 2000, 12). However, most authors who sit down to write a book so that they can become wealthy and famous are living in a dream.

This is not to say that legitimate publishers do not fulfill their financial responsibilities to their authors. Trade houses and larger university publishers may have an entire unit devoted to the accounting and payment of royalties, and some of these units take great pride in their work. The royalties department at Cambridge University Press, for instance, boasts of the accuracy and clarity of its royalty statements, the punctuality of its payments, and the efficiency of its response to author queries. (Royalties Department 2005)

Royalties are payments made as a result of direct sales of a book. An author may also make money from subsidiary rights if her book is optioned by a film studio, is made into a recorded book, and so on (see “Copyright and Intellectual Property”). Perhaps the most common form of subsidiary right is also the least remunerative for authors: permission fees. These are monies paid to publishers for the right to reprint previously published material, though publishers usually pass on only a fraction of these fees to authors. Creative writers typically receive permission fees when their poems, essays, stories, or novel excerpts are collected in an anthology (q.v.) or textbook. Normally, the editor/publisher of the new work pays a flat rate for the right to reprint the author’s piece. Occasionally, editors request the right to use the piece “in all future editions,” but most publishers and authors’ agents (q.v.) will insist that, as the book moves into subsequent editions, a new permission fee is negotiated and paid. High-profile authors may demand thousands of dollars for the right to reprint their work, but permission fee payments can be as small as \$5. One might wonder who would be willing to sell their work for such a

paltry sum, but many authors are happy to receive the exposure of having their work reprinted and—if they retain the copyright themselves—are willing to waive permission fees altogether.

Ironically, if authors often complain about receiving too little from permission fees, editors compiling the pieces for an anthology often feel as though they cannot afford to pay those fees. While putting together a collection of stories and novel excerpts, Aaron Shepard found that “in general, the larger the publisher or agency, the higher were the fees, the shorter was the term of license, the longer was the response time and—since I had to remove high-priced selections—the less exposure was received by their authors” (1994, 26). The authors of this book sympathize with Shepard’s grievance. The permission fees for David Starkey’s textbook *Poetry Writing: Theme and Variations* are deducted from annual sales, with his contract stipulating that all fees be paid off before the author receives any money for his book. Five years after the book’s publication, Starkey had yet to receive a royalty check. To avoid this problem, Wendy Bishop relied extensively on friends and colleagues donating their poetry for free when compiling *Thirteen Ways of Looking for a Poem*.

Tracking down the copyright holder in order to pay permission fees can be a nightmare for editors, especially if the work was published many years earlier and/or by an obscure press. Fortunately, in 1999, the Copyright Clearance Center established the Republication Licensing Service, which allows “rights holders to individually set permissions fees, monitor requests and control redistribution medium, all online.” Those seeking to buy permissions are able to “get copyright permissions [and] information about available content [and to] monitor the status of their requests quickly and over the Web” (Reid 1999, 79).