

**Response to the consultation on the  
EC Communication on Creative Content Online in the Single Market**

Gothenburg, 28<sup>th</sup> February 2008

**Cine-Regio** is the European Network of Regional Film Funds. The members exhibit a range of support schemes and services to the film sector which aim to support film culture, encourage social cohesion and build regional infrastructure. Regional film support fosters local cultural identity, cultural diversity and democratic empowerment. The network is continuously expanding and today represents 31 regional film funds from 15 countries. Cine-Regio's overall aim is to encourage cross-border and interregional co-operation to benefit European filmmakers and promote audiovisual interests across Europe.

Cine-Regio welcomes the Commission's initiative to launch a *Communication on Creative Content Online in the Single Market* and to consult the sector. We appreciate that the Commission identified the potential of online distribution and seeks to resolve the bottlenecks hindering a smooth development of online content distribution services.

Regions substantially contribute to the financing of films across Europe, Cine-Regio has hence an interest in ensuring the viability of the European film sector. VOD<sup>1</sup> represents a new source of revenue for the sector. Cine-Regio is thus apprehensive of the sustainability of this nascent source of revenue. The online distribution of creative content is seen as a future opportunity of great potential for the economic growth of the creative sectors but also for the cultural diversity. The digital distribution, including digital cinema, has the potential to strongly favour niche film. That is niche in the sense of being aimed at specific audience rather than a comment on its size or potential. This is the basis of the "Long Tail Theory", developed by Chris Anderson. Where distribution costs are radically reduced, minority tastes can be efficiently served, meaning greater choice. The potential to serve niche or specialist markets promises greater cultural diversity and the ability to serve audiences in a focused way. Digital technologies crucially allow the aggregation of interest groups. It brings together enthusiasts. However, digitalisation and online distribution also entails a number of concerns. Cine-Regio wishes to share the following point of views:

1. The Commission rightfully identifies piracy as one of the main impediment to the roll-out of online content services. Fighting piracy is fundamental to the development of a blooming online offer. Rightsholders must be endowed with effective means to enforce

---

<sup>1</sup> VOD – both streaming and downloading

their rights against copyright infringements. Cine-Regio wishes to emphasise the need to ensure ISPs' cooperation in the fight against piracy and the need to raise Internet users' awareness on the respect of copyright as a priority for the development of a film online market. Cine-Regio has with great interest followed and noticed recent case law Belgian case *Sabam v. Scarlet* which rules that ISPs must monitor and apply filtering measures to thwart piracy; ECJ decision *Telefonica v. Promusicae* which states that it is Member states' responsibility to provide rightsholders with adequate means to fight against copyright infringements pursuant the application of the Copyright Directive; and the French Memorandum of Understandings, based on the Olivennes Report.

2. Cine-Regio finds that identifying business models are crucial. The Communication does not sufficiently recognise that the absence of business models for online content services is a hindrance to the flourishing of the content online market. There is a need to reflect on how content providers can monetise their works in the online environment. The consultation launched by the Commission in the form of expert group is to be welcomed.
3. On the issue of multi-territory rights licensing, Cine-Regio welcomes the Commission's initiative to launch a consultation with a view to find ways to make the licensing process easier. The original idea of creating a primary and secondary territory licensing should be further explored. Online distribution represents a potential great revenue opportunity for the sector. However this is conditional upon the way licensing can be eased and rights fragmentation overcome. VOD rights licensing is key to the film industry as it is the only way to generate value from catalogues. Fragmentation of rights at European level is a major impediment. Another bottleneck is the difficulty in identifying the rightsholders in films considering the size and resources of film companies. Unless film companies organise themselves to ease the licensing process they will have difficulties accessing the international online market and they risk being excluded or discriminated against in licensing terms. The European digital film market will never be effective unless a suitable licensing mechanism is devised in order to enable film makers to get the most exposure.

In conclusion, Cine-Regio is encouraging the European Commission to ensure that it will give a solid follow-up to the *Communication on Creative Content Online in the Single Market*. It is an effective basis to take effective steps in order to improve European film sector's market access on new delivery platforms. The European audiovisual sector already suffers from structural deficiencies linked to linguistic and cultural fragmentation, the lack of structural integration, the relatively small size of film companies and the market dominance of Hollywood films. The switch to the digital world should not lead to the marginalisation of the European film industry.

We would like to thank you for this opportunity to communicate our standpoints in writing. If we can be of any assistance in taking matters further, please do not hesitate in contacting the Cine-Regio secretariat, Lindholmspiren 5, 417 56 Gothenburg, Sweden. Attn: Charlotte Appelgren.

### **Cine-Regio Members**

Centre Images, France

City of Belgrade Film Fund, Serbia

Consejería de Cultura Andalusia, Spain

Consortio Audiovisual de Galicia, Spain  
CRRAV – Région Nord Pas de Calais, France  
Film Camp, Norway  
Film Fyn, Denmark  
Film I Skåne, Sweden  
Film I Väst, Sweden  
Film3, Norway  
Filmfondet Fuzz, Norge  
Filmfonds – Wien, Austria  
Filmförderung Baden-Württemberg, Germany  
Filmförderung Hamburg Schleswig-Holstein, Germany  
Filmkraft Rogaland, Norway  
Filmpool Nord, Sweden  
Filmstiftung Nordrhein-Westfalen, Germany  
Flanders Audiovisual Fund, Belgium  
Fondazione Apulia Film Commission – Fund, Italy  
Institut Català de les Indústries Culturals, Spain  
IVAC La Filmoteca, Spain  
Mitteldeutsche Medienförderung, Germany  
PACA - Région Provence-Alpes-Côte d'Azur, France  
POEM, Finland  
Rhône-Alpes Cinéma, France  
Rotterdam Film Fund, The Netherlands  
Screen South, United Kingdom  
Southern Transdanubia Film Fund, Hungary  
Wallimage, Belgium  
West Danish Film Fund, Denmark  
Zürcher Filmstiftung, Switzerland