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## **MEDIA, SPORTS COMPANIES RATTLED BY PLANNED EU COPYRIGHT SHAKE-UP**

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12.08.2016

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11.06.2016

EurActiv

The media and sports industries are preparing to lock horns with the European Commission over its plans to shake up copyright law to make more films, sports and TV shows available online throughout the 28-nation bloc.

In its plans for a digital single market the Commission wants to make broadcasters online transmissions more easily available across borders but that risks diluting the licensing value of content and therefore undermining the way films and TV shows are financed, lobbyists say.

The changes also have the potential to affect how much Hollywood studios such as Disney and Twentieth Century Fox can charge broadcasters for the rights to distribute films like Finding Dory or The Martian as well as the value of sports rights such as the showing of soccer matches in Britains Premier League or Germanys Bundesliga.

At issue is the so-called country of origin principle, which allows satellite broadcasters to acquire the rights for content in their home country rather than in every country where the programme is received by satellite.

Instead the Commission wants to allow broadcasters to show content on their online platforms across the EU after securing the rights in their home country. That means show producers could not stop Skys Sky Go or the BBCs iPlayer offering licensed shows to European viewers outside the UK, unless they take away the rights for online distribution completely, which lobbyists say could be one of the reactions.

A Commission source said contractual freedom would remain an important principle of the reform.

Extending the country of origin principle \* to certain broadcasting activities online doesnt mean to put an end to the territoriality principle of copyrights which \* is essential to the financing of movies and TV series, the person said.

Brussels wants to double the amount of content available across borders, a second source said.

An internal Commission study has suggested that increasing the availability of films across Europe would benefit European film makers at the expense of U.S. ones, whose films are often already widely available across the EU.

The EU executive estimates that the changes would increase the revenues of European producers

by 11 percent, as they would be able to access more consumers, and reduce those of U.S. producers by 1.8 percent.

The copyright reform proposal is expected to be made in late September but will then have to be approved by EU governments and the European Parliament before becoming law.

#### Pan-European licensing

The European Broadcasting Union, which represents public broadcasters such as Germanys ZDF, is broadly in favour of the reform as it would allow its members to offer their online programmes in several countries more easily.

But commercial broadcasters and rightsholders say that making online offerings more widely available across borders would amount to de facto pan-EU licensing, diluting the value of exclusive rights such as those which the Premier League sells to Sky and BT in Britain.

Big players such as Netflix, Vivendis Canal+ and Sky could end up with all the best content because pan-European rights would be too expensive for smaller distributors, said Matt Evans, a partner at law firm Jones Day.

The film, TV and sports industries have warned that eroding territorial exclusivity could threaten cultural diversity in Europe and undermine the financing model whereby films or TV shows are licensed on a country-by-country basis to secure investment.

This would not only fundamentally undermine Skys business model but also impact rights owners revenues from the licensing of content, Sky said in its response to the public consultation.

Indeed, Sky would be unwilling to pay the same rates for rights which were de facto no longer exclusive to Sky and, with the removal of its product differentiation, Skys promotional efforts and in turn Skys subscriber volumes would reduce, it said.

However, Nathalie Vandystadt, a spokeswoman for the Commission, said the aim was to improve the cross-border distribution of TV and radio programmes while insisting on the importance of cultural diversity, diverse distribution channels, and financing model for the audiovisual sector.

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Kaynak/Source: