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REPORT FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT AND THE ECONOMIC AND SOCIAL COMMITTEE

on the question of authorship of cinematographic or audiovisual works in the Community

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EXECUTIVE SUMMARY

On the occasion of the adoption of the common position on Directive 92/100/EEC on rental right and lending right and on certain rights related to copyright in the field of intellectual property (18 June 1992)[1], the Commission made a political commitment to produce a report on the question of authorship of cinematographic or audiovisual works in the Community. More specifically, this commitment was undertaken due to Article 2(2) of the Directive which harmonises the notion of authorship in cinematographic or audiovisual works in recognising the principal director of a film as its author or one of its authors. Three Member States which did not provide for author's rights for film directors were fundamentally opposed to this provision and suspected it to cause difficulties for the exploitation of films in their territories. The commitment was part of the overall compromise package and meant to provide some safeguards with regard to these concerns.

As a result of this harmonisation, all Member States consider the principal director of the film as one of its authors now. However, Community legislation has not resulted in complete harmonisation of the notion of authorship in cinematographic and audiovisual works. Differences in detail still exist with respect to the question of who, among the group of persons involved in the making of the film, are to be considered as co-authors besides the principal director.

Contrary to fears expressed before the adoption of Directive 92/100/EEC, there is no evidence that the partial harmonisation of the notion of authorship would have caused difficulties in the exploitation of works or in the efficient tackling of unauthorised use of works. In practice, potential difficulties in exploitation of the works that arise due to the fact that there may be more than one author, are overcome by contractual arrangements. These contractual arrangements provide the necessary means for the exploitation of works. Examples include provisions in the contracts permitting the adaptation of the pre-existing works, contracts by which persons undertake to participate in the film production, licence agreements and other agreements concerning the film production.

Along with the above mentioned contractual arrangements, Member States provide for statutory rules on transfer of rights in these works and underlying works to the producer with the intention of assuring the efficient exploitation of cinematographic and audiovisual works. At least, such rules on transfer of rights are provided for with respect to certain exploitation rights, or in the form of statutory rules concerning works made in the course of employment. These rules differ to a fairly large extent also with regard to both the methods used and authors covered. These differences seem not to have caused major difficulties in practice as also they are levelled out by contractual arrangements.

To sum up, the overall results show that the partial harmonisation of the notion of authorship of cinematographic or audiovisual works has had a noticeable effect on contractual arrangements involving contributors and producers of cinematographic and audiovisual works. These arrangements would have to be subject to continued scrutiny in order to ensure a proper contractual balance and safeguard the functioning of the Internal Market.

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[1] Directive 92/100/EEC 19.11.1992, OJ L 346 27.11.1992 p.61

I. THE MANDATE FOR THE REPORT

On the occasion of the adoption of the common position on Directive 92/100/EEC on rental right and lending right and on certain rights related to copyright in the field of intellectual property[2], the Council and the Commission made the following statement at the Council meeting on 18 June, 1992:

"The Council and the Commission agree that the Commission will draw up before 1 July 1997 a report on the question of authorship of cinematographic or audiovisual works in the Community."

The present report is intended to honour this political commitment. It is based substantially on a study carried out by external consultants, together with the Commission's own findings. The delay in producing the report is mainly due to the fact that the Directive was implemented very late, in fact too late, by many Member States.

Where the above statement refers to "authorship", this report construes it in a broad sense to include issues concerning first ownership of rights and including the statutory transfer of rights. It also addresses other issues concerning subsequent ownership which are closely linked to the issue of first ownership, such as rules on transfer of rights and the unwaivable remuneration right provided by Article 4 of Directive 92/100/EEC, the purpose of which is to ensure that authors are actually able to benefit from the rental right provided by this Directive.

The term "cinematographic or audiovisual work" is intended to be very broad and cover cinema films, films made for broadcasting organisations, other film works, such as films on videotapes, and other moving images, whether or not accompanied by sound.

II. THE BACKGROUND OF PARTIAL HARMONISATION OF THE NOTION OF AUTHORSHIP OF CINEMATOGRAPHIC OR AUDIOVISUAL WORKS IN THE COMMUNITY

1. The issue in general

National laws have provided different solutions to enable film producers to effectively exercise exploitation rights on behalf of all those who participated in the creation of cinematographic work. These solutions are based on the practical need to place the rights concerned in the hands of the producer and yet to respect the basic principles of author's rights protection. A balance has to be struck between rights and interests of the natural persons who contributed to the intellectual creation of the film on the one side and the need to ensure the optimal exploitation of cinematographic or audiovisual works on the other.

The exploitation of film works has also been the subject of discussion at international level. According to the Article 14bis of the Paris Act (of July 24, 1971) of the Berne Convention for the Protection of Literary and Artistic Works, the determination of the authorship in cinematographic works is left to the national legislation of the country where protection is sought. The Convention lays down a presumption rule in Article 14bis(2)(b), which, in practice, implies that the producer of the cinematographic work is presumed to control the

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[2] Directive 92/100/EEC 19.11.1992, OJ L 346 27.11.1992 p.61

exploitation of the work. However, the principal director of a work may be exempted from the presumption rule, thus leaving the issue to the national legislation of the contracting states.

Some states therefore let the copyright vest in the first place in the producer of the film, or in the creators of the film with a transfer by law of the rights to the film producer at the moment of creation. Other states closer to the *droit d'auteur* tradition, achieve a similar result by rebuttable presumptions which pass rights to the producer. Finally, in another group of states, author's rights may pass to the producer on a contractual basis. These solutions differ not only in principle but also in detail such as regarding authors and rights covered which are subject to a statutory transfer rule. Thus, and not least because of the international character of exploitation and distribution of films, the contractual assignment of rights has always had an important role to play.

2. The situation before harmonisation

Before the adoption of the Directive 92/100/EEC, **Ireland**, **Luxembourg** and **the United Kingdom** vested initial ownership of rights in a cinematographic or audiovisual work essentially only in the producer of the work. All the other Member States considered – with certain exceptions for employed authors - the principal director of a film as one of its authors. However, these two approaches were brought closer together by the fact that in some Member States, statutory rules on the presumed contractual transfer of exploitation rights and in other Member States *cessio legis* solutions for the benefit of film producers were in place.

At Community level, issues of authorship were first addressed in the European Commission Green Paper on Copyright and the Challenge of Technology[3] with a view to an efficient fight against piracy. In this Green Paper, the Commission stated that whereas films and video recordings seem to be protected everywhere as cinematographic or audiovisual works, the question of who owns the exclusive rights or who is presumed to be able to exercise the economic rights on behalf of all who participated in the creation of the work, is settled differently from one jurisdiction to another. The Commission considered further that, in practice, even in those States where producers are not automatically granted rights, contractual arrangements have frequently been reached which transfer the necessary rights to the producer and enable them to act against pirates.

The Commission's initial proposal for a Directive on rental right and lending right and on certain rights related to copyright[4] did not try to harmonise the notion of authorship of cinematographic works. The idea of ensuring that, for the purposes of the Directive, at least the principal film director was recognised as an author of a film emerged in the European Parliament's Committee on Culture, which passed an amendment in much those terms. This amendment was rejected by the Committee in charge, the Legal Affairs Committee but was finally adopted in plenary session by majority. The Commission integrated this amendment in its amended proposal[5]. The new Article 2(2) was heavily disputed in Council. In the end, a compromise was possible because exemptions with respect to the application in time of this provision were granted in Article 13(4) and (5). Furthermore, the controversial issue of authorship of films gave rise to the joint statement concerning this report as mentioned above.

The European Parliament took also the initiative to include a provision on authorship of cinematographic and audiovisual works along the lines of the compromise found for the

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3 COM(88)172 final
4 COM(90)586 final
5 COM (92)159 final

Directive 92/100/EEC, into the Directive 93/83/EEC on the co-ordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission[6]. As regards the Directive 93/98/EEC harmonising the term of protection of copyright and certain related rights[7], the European Parliament proposed even more far-reaching amendments. The final solution adopted by the institutions was to give general applicability to the terms of the compromise reached in Directives 92/100/EEC and 93/83/EEC.

III. THE ACQUIS COMMUNAUTAIRE ON FIRST OWNERSHIP OF COPYRIGHT IN CINEMATOGRAPHIC OR AUDIOVISUAL WORKS

1. Directive 92/100/EEC

According to Article 2(2) of the Directive on rental right and lending right and on certain rights related to copyright, the principal director of a cinematographic or audiovisual work shall be considered as its author or one of its authors for the purposes of the Directive. Member States may provide for others to be considered as co-authors.

As already indicated above, practical and economic considerations had, at the level of national legislation, led to concentration of rights in the hands of the producer who was considered to be best equipped to face the challenge of economic exploitation of the work. Different methods were in place in Member States. Either the ownership of rights was vested in the film producer initially, or the necessary exploitation rights were passed from the natural persons who participated in the creation of the work (recognised as "author" by most systems) to the producer by statutory transfer rules. These rules have a similar result as those which recognise film producers as authors in the first place because they vest initial or subsequent ownership of rights in other persons than in the creators of the respective work.

Thus, the Directive also had to address the issue of statutory transfer of rights. According to Article 2(6) in connection with Article 2(5), Member States may provide that an author shall be presumed, subject to contractual clauses to the contrary, to have transferred his rental right to the film producer when he concludes a contract concerning film production with a film producer, individually or collectively. This possibility to provide for a presumption rule should be read together with Article 4 of the Directive, which states that, where an author has assigned his rental right, he would retain the remuneration right which cannot be waived.

The provisions of the Directive do not really provide for an overall harmonisation of the notion of authorship in cinematographic or audiovisual works as the definition of "authorship" is restricted to the "purposes of this Directive" and this purpose is, with regard to authors, the harmonisation of the rental and lending right only. Thus, the definition of "author" only explains who is the initial owner of the rental and lending rights. As regards the transfer of rights, Article 2(6) of the Directive allows for a presumption of transfer of the rental right, but it does not permit a situation where the rental right belongs to someone other than the author from the beginning by operation of law. Member States are not obliged, however, to apply the rules provided in Article 2(2) and (6) to rights other than the rental and lending rights.

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6 Directive 93/83/EEC 27.09.1993, OJ L 248 06.10.1993 p.15, at art. 1(5)

7 Directive 93/98/EEC 29.10.1993, OJ L 290 24.11.1993 p. 9, at art. 2(1)

2. Directive 93/83/EEC

According to the Directive on the co-ordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, Member States shall provide an exclusive right for the author to authorise the communication to the public by satellite of copyright works. Article 1(5) of the Directive takes up the compromise found in Article 2(2) of Directive 92/100/EEC for its purposes. Thus, the partial harmonisation of the notion of authorship in cinematographic or audiovisual works became relevant not only to rental and lending but also to communication to the public by satellite.

The Directive does not provide for explicit provisions, such as those in Article 2(5) and (6) of Directive 92/100/EEC on the presumed transfer of the rental right, with regard to the right of communication to the public by satellite.

3. Directive 93/98/EEC

Article 2(1) of the Directive harmonising the term of protection of copyright and certain related rights stipulates for the first time that, in general, the principal director of a cinematographic or audiovisual work should be considered as its author or one of its authors (i.e. without restricting this definition to "the purposes of this Directive").

As regards the admissibility of rules on the presumption of transfer of exploitation rights, Recital 4 of Directive 93/98/EEC stipulates that the provisions of this Directive do not affect the application by the Member States of the provisions of Article 14bis (2) (b), (c) and (d) and (3) of the Berne Convention, which, as mentioned above, basically leave the contracting parties some leeway.

Furthermore, Article 2(2) of Directive 93/98/EEC provides the same point of reference for the calculation of the term of protection throughout the Community. As the general rule for works of joint authorship in Article 1(2) is based on national rules and would not have provided sufficient harmonisation with regard to cinematographic or audiovisual works, Article 2(2) stipulates that the term of protection of cinematographic or audiovisual works shall expire 70 years after the death of the last of the following persons to survive, whether or not these persons are designated as co-authors: the principal director, the author of the screenplay, the author of the dialogue and the composer of music specifically created for use in the cinematographic or audiovisual work. This provision means that in the calculation of the term of protection, Member States have to take into consideration only the contributors mentioned in the Directive regardless of who might have authors' rights in film works at national level.

4. Conclusion

Directive 93/98/EEC has consolidated the respective provisions set out in Directives 92/100/EEC and 93/83/EEC, treating a cinematographic or audiovisual work as a collaborative work the principal director of which, as one of its authors, enjoys corresponding copyright protection. This partial harmonisation of the notion of authorship was somewhat limited by the fact that until the adoption of Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society[8] (which introduces a harmonised reproduction right, a harmonised right of communication to the public including the right of making available and a harmonised distribution right for authors of works), only few exclusive rights of film authors had been harmonised at Community level. Whereas the

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[8] Directive 2001/29/EC 22.06.2001, OJ L 167 22.6.2001 p.10

latter Directive does not provide for a presumption rule on the transfer of the rights harmonised, articles 14bis(2) and (3) of the Berne Convention might be seen as a basis for allowing divergent national rules on first ownership of rights and presumed transfer of rights also with regard to the rights harmonised by this Directive.

IV. REVIEW OF IMPLEMENTATION BY MEMBER STATES

1. Regulating authorship in Member States

In respect of the obligation to consider the principal director as an author, some Member States did not consider it necessary to introduce implementing legislation as they thought they were already in compliance with this obligation. On the other hand, where implementation legislation was needed, Member States enacted laws at a seemingly variable pace regardless of the implementation deadline set up in the Directive. However, little by little all Member States have now either modified their laws in order to comply with the obligation or let it be known that their law already complied with the obligation already before the adoption of the Directive 92/100/EEC.

In **Ireland** and **the United Kingdom,** the film producer is still considered as an author of a cinematographic work by law. Before Directive 92/100/EEC, this person alone enjoyed copyright in the cinematographic work in these Member States. The producer was, and still is, regarded as a creator of a film because he is responsible for the necessary arrangements for the making of a film, not least in a financial sense. Ireland and the United Kingdom have later on explicitly added the principal director as also qualifying for protection as an author. The situation in **Luxembourg** is quite similar. The producer and the principal director are considered as first owners of copyright.

Spain, **Italy** and **Portugal** determine precisely who the authors of cinematographic or audiovisual works are without vesting authorship in the film producer. This includes the director, the authors of underlying works of literature (script, scenario, dialogue, adaptation) and the authors of the film music. Thereby, they exclude others, not mentioned persons who gave creative contributions from being a co-author of a film and thus reach a high degree of legal certainty. **Greece** vests authorship in cinematographic or audiovisual works in the principal director only. However, authors who participated in the creation of the film and whose contribution can be separately exploited normally have rights in their own contribution.

In **Germany, Austria**, **the Netherlands, Denmark**, **Finland, Sweden, Belgium** and **France** the actual wording of the law does not give the precise answer to the question who is to be considered as an author of a work. In these countries, the authorship is vested in the physical persons whose creativity contributed to the intellectual creation of the film.

Germany and Austria vest authorship in cinematographic or audiovisual works basically only in authors who participated in the creation of the film and whose individual creative contributions may not be separately exploited. In general, this is the principal director, but the cameraman, the editor and the sound designer and others may be considered as film authors too, provided that their contributions meet the requirements of originality in each individual case. Also the Netherlands vests initial ownership of copyright in the natural persons who have made a creative contribution to the work. According to the prevailing view, this includes the principal director.

Denmark, Finland and Sweden do not provide for any specific rule relating to the determination of authorship in cinematographic or audiovisual works. They vest authorship according to the general rules on authorship in persons whose creative contribution is decisive for the making of a work as a whole, regardless of whether their individual contributions may be separately exploited or not. Normally these are at least the principal director and the writer of the screenplay. Others, like the composer of the film music, may also be considered as authors of a work, provided that their contributions meet the requirements of originality in each individual case and play a decisive role in the work as a whole.

Belgium and France combine a general rule relating to authorship in cinematographic or audiovisual works with a list of persons who are presumed to fulfil the requirements for authorship. They vest authorship in persons who participated in the creation of the film and whose individual creative contributions may not be separately exploited, authors of works created especially for the film which can be exploited independently of the film and authors of pre-existing works. However, the list of persons who are presumed to be co-authors of a film is limited and does not cover auxiliary or secondary authors.

2. Regulating transfer of rights in Member States

As appears from the above, the number of authors in a given film work can be quite considerable. Therefore, to assure the practical means for the exploitation of films, Member States provide rules on the transfer of rights in film works and underlying works to the producer, or the rules concerning works made in the course of employment stipulate the initial ownership of rights. These rules differ considerably in various Member States as concerns the method (*cessio legis*, rebuttable presumptions based on contracts, presumption of legitimation along the lines of Article 14bis Berne Convention, assignment based on employment), as well as the coverage.

As concerns the method, for example **Austria** and **Italy** provide a *cessio legis* solution according to which the copyright originates in the creators of the film but certain economic exploitation rights are transferred to the film producer at the moment of the creation by operation of law. **Belgium**, **Germany**, **Greece**, **Spain**, **France**, **Luxembourg, the Netherlands**, **Portugal**, **Denmark, Finland** and **Sweden** provide for a rebuttable presumption of transfer of rights. The presumption is based - with regard to pre-existing works - on the contract permitting the audiovisual adaptation and - with regard to the film itself and other underlying works – on contracts between authors and film producers concerning the film production. It seems that in the majority of legislations a contract in which the author undertakes to participate in the film is sufficient to produce the presumption so that explicit contractual stipulations on the assignment of rights would be unnecessary.

Ireland and **the United Kingdom** identify the producer as an author of the film in the first instance. However, the national law of these countries recognises the principal director as the co-author. The question on how the copyright is divided between the producer and the principal director, seems to be determined by agreements within the margins of contractual freedom of the parties. Legislative transfer rules provided by Ireland and the United Kingdom only cover rental rights of authors of underlying works.

However, it must be pointed out, that certain Member States also provide that where a cinematographic work is made by an employee in the course of his employment, his employer is the first owner of any copyright subject to any agreement to the contrary. This is the case at least in Ireland, the United Kingdom and the Netherlands. These provisions on works made in the course of employment seem to exclude the principal director from having rights in the

work, if the principal director is working as an employed person. The Commission intends to examine further how the rules on employers' ownership correlate with the mandatory provisions of the Directives concerning authorship of cinematographic or audiovisual works and unwaivable remuneration right.

As concerns the coverage, laws of the Member States provide for different solutions. More specifically, **Belgium**, **Germany**, **Greece**, **Italy**, **Luxembourg**, **the Netherlands**, **Portugal** and **Austria** seem to restrict their transfer rules - more or less explicitly - to audiovisual exploitation modes, thus excluding non-audiovisual merchandising rights and other derivative rights, theatrical rights and graphic edition rights. **Spain** and **France** explicitly exclude theatrical rights and graphic edition rights from the scope of their transfer rules. **Denmark**, **Sweden** and **Finland** provide for a presumption rule which assigns the necessary exploitation rights to the producer.

Despite many substantial differences, the various legislative presumption rules of transfer of rights seem to have one common feature. They usually cover almost all contributors to a cinematographic or audiovisual work except the authors of musical works. The exclusion of musical authors from the scope of presumption rules can be explained by the fact that the performing rights in the musical sector are administered by the internationally established system of collective administration.

V. IMPACT OF HARMONISATION

The concept that the principal director of an audiovisual or cinematographic work is to be considered as the author, or one of the authors of such a work, was introduced with the adoption of Directive 92/100/EC. This has evidently strengthened the position of the principal director as the Member States have gradually modified their legislation accordingly. At the same time, the importance of contractual arrangements has increased as they have balanced the effects of the new rule. Agreements concerning the film production have been adapted to take account of the modified legislation and to provide a new basis upon which to build the exploitation of films. Contrary to concerns expressed before the adoption of Directive 92/100/EC, harmonisation has not caused any difficulties in practise.

The impact of this partial harmonisation of the notion of authorship was somewhat limited by the fact that before the adoption of Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society, only few exclusive rights of film authors had been harmonised at Community level. Nevertheless, those Member States (Ireland, Luxembourg and the United Kingdom) which had to change their legislation provided principal directors with all authorship rights and not only with rental and lending rights or the right of communication to the public by satellite.

Finally, it should be pointed out that the different steps taken to harmonise the notion of authorship of film works at European level have not changed the basic situation completely. Differences in detail still exist with respect to the question of who, among the group of persons involved in the making of the film, is considered as its author.

VI. POSSIBLE NEED FOR FURTHER COMMUNITY ACTION

1. The divergent rules on first ownership of rights in the Internal Market

Although the Directives provide that the principal director of an audiovisual work should be deemed to have the status of an author, they do not prescribe any other changes to authorship of audiovisual works. The rules on the presumed assignment of rights as provided by the Directives have only a very limited scope. There is still a continuing disparity as to who may or may not be considered as author or first owner of rights in a film in the various Member States. However, the considerable differences do not seem to cause major difficulties in practice. The different national solutions as regards ownership of rights in audiovisual works were in practice overcome by contractual solutions and do not seem to have created obstacles to trade which would impede the effective exploitation of rights across Member States.

2. The effect of non-harmonised mandatory rules in national copyright contract law on the international exploitation of films

Contractual freedom as a means to overcome difficulties which could arise from diverging copyright legislation is not unlimited. Traditionally, national copyright contract law provisions provide for different mandatory rules for the benefit of authors or users the purpose of which is, in most cases, to protect the weaker party to the contract. These rules restricting contractual freedom might have an impact on the producers' ability to acquire the rights necessary for the international exploitation of films. It cannot be excluded that such national rules, unless harmonised, could lead to difficulties within the Internal Market. If contractual arrangements remain the primary means for the exploitation of cinematographic and audiovisual works in the Internal Market, national copyright contract rules will have to be subject to continued scrutiny.

3. The possible impact of the conditions applicable to contracts relating to intellectual property on the Internal Market

The issue of authorship is closely linked to the issue of management of rights and will deserve further consideration in the framework of the follow-up to the 1996 Commission Communication on Copyright and Related Rights in the Information Society[9].

In this Communication, the Commission committed itself to continue its examination of the management of rights issue in the light of the development of the market especially with regard to the Information Society. The results of the International Conference on Management and Legitimate Use of Intellectual Property, organised by the European Commission in July 2000 in Strasbourg, confirmed that the market place is in a continuing process of adapting licensing schemes to the needs of the new environment. Therefore, the examination of contractual law aspects relevant to the exploitation of intellectual property remain an important task. Further analysis of the management of rights in Europe will have to concentrate not only on issues such as collective management, the various forms by which authors' and related rights can be disposed of, copyright contract law and the possible impact of non-harmonised limitations to contractual freedom on the movement of copyright-based goods and services in the Internal Market, but also on the rules on ownership of rights and the role these rules play for the allocation of rights and the distribution of goods and services.

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9 COM(96)568 final, 20.11.1996

With regard to the increase of transnational exploitation of protected works and services as one of the results of the information society, the Commission is already examining in detail the conditions applicable to contracts relating to intellectual property in Member States with a view to evaluating the possible impact of the existing differences in national law on the Internal Market. This examination should also cover the different national rules for the management of the non-waivable remuneration right as governed by Article 4 of Directive 92/100/EEC.

Through contractual arrangements, rights which are required for the exploitation of films may be concentrated in the hands of film producers in a manner compatible with basic principles of copyright and neighbouring rights. Such arrangements can thus be used as an efficient tool for the distribution of cinematographic and audiovisual works in the Internal Market.

VII. CONCLUSION

As this report demonstrates, the partial harmonisation of the notion of authorship has strengthened the position of the principal director of a cinematographic or audiovisual work as one of its authors. Community legislative acts have not, however, resulted in complete harmonisation of the first ownership of rights in these works.

Contrary to the fears expressed before the adoption of the Directive 92/100/EEC, there is no evidence that vesting original authorship in the principal director of a film would have caused difficulties in the exploitation or distribution of films, or in the effective tackling of piracy and other unauthorised use of such works. Although it was argued at the time of the adoption of the directive that this provision might lead to increased complexity in dealing with rights, in practice, relevant exploitation rights are transferred to the producer by operation of law or by contractual arrangements. Within the margins of contractual freedom, relations between the producer on one hand and other rightholders on the other are determined by agreements concerning the film production. Also potential difficulties resulting from disparities in Member States' legislation are levelled by contractual arrangements.

Efficient administration of rights in the cinematographic and audiovisual works has become more and more complex as the exploitation channels of such works multiply together with the development of information technologies. For the purpose of maintaining the status of contractual arrangements as a proper tool for the efficient distribution and exploitation of cinematographic and audiovisual works in the Internal Market, these contractual arrangements and conditions that apply to them under national law have to be subject to continued scrutiny. The Commission will continue to study the issue of first ownership of rights and transfer of rights together with the examination of issues relating to the management of rights in general and analyse further developments in these fields.