

Convergence 2007 – New Media on a Global Economic Stage

Doing Business in China

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Global Economic Stage

Catherine Sun



Business Opportunities and Challenges

- Distribution of books, newspapers and magazines
- Audio-visual products
- Motion pictures
- Importation of books, newspapers, magazines and video products

Navigating Through the Regulatory Maze

- Administrative Provisions on Sino-Foreign Joint Production of Films (2003)
- Provisional Measures on Film Production, Distribution and Showing Qualification (2003)
- Provisional Measures of the Summary of Film, Screenplay, Recordation and Film Censorship (2003)
- Measures Concerning Regulation of Foreign Invested Distribution Business for Books, Newspapers and Magazines (2003)
- Administrative Measures for Online Broadcasting (2003)

Navigating Through the Regulatory Maze – Cont'd

- Copyright Law and its Implementing Rules (2001-2002)
- Measures for Collective Management of Copyright (2005)
- Regulations on the Protection of the Right of Spreading Information through Network(2006)

Publication in China

- Publications refer to newspapers, magazines, books, audio-visual products and electronic publications
- Publishing activities refer to publishing, priority or reproducing, importing or distributing publications
- Publishing Unit
- Publication import business unit
- Online publishing

Prohibited Contents for Publication in China

- Oppose the basic principles confirmed in the Constitution;
- May harm the unity, sovereignty and integrity of the territory of China;
- Divulge state secrets, harm national security or damage reputation and interests of China;
- Incite ethnic hatred or ethnic discrimination, damage ethnic harmony or violate ethnic norms, social norms and customs;
- Propagate cults or superstition.

Prohibited Contents for Publication in China – Cont'd

- Disrupt social order or social stability;
- Spread pornography, encourage gambling, advocate violence or instigate the commission of crime;
- Insult or slander others or violate legal rights and cause damages to others;
- Harm social morality or the culture or social traditions of ethnic groups; and
- Other contents that are prohibited by Laws, administrative regulations and other legal provisions.

Regulations for the Administration of Motion Pictures

- Applicable to the production, importation, exportation, distribution, and showing of motion pictures, documentary films, educational films, cartoons and other films in China
- Joint production
- Censorship

Chinese-Foreign Joint Invested Movie Theatres

- Compliance with the local cultural facility plan;
- Registered capital no less than RMB 10 million;
- Fixed premises;
- The foreign invested movie theatres cannot be given the overseas entity's name, or the names of overseas movie theatre chairs;

Chinese-Foreign Joint Invested Movie Theatres – Cont'd

- Chinese party's equity shall not be lower than 51% and the Chinese party must have the freedom of management;
- Duration shall not exceed 30 years; and
- Compliance with relevant laws, regulations and other provisions

Online Broadcasting

- Programs are classified into
 - News
 - Movies and TV dramas
 - Entertainment including music, opera, sports and combined arts
 - Professional programs including science, education, medicine, finance, radiology, military and Law
- Permit requirements
- Prohibited contents
 - False information
 - Recorded programs from overseas network or overseas media

Overseas Satellite Television Reception in China

- Contents broadcast do not violate Chinese Laws, regulations and relevant rules and provisions;
- Ranked within top three of its own country;
- Has the ability to cooperate with China under the principle of mutual benefit;
- Committed to proactively assisting the reception rights of Chinese broadcasting TV programs overseas;
- Will promote friendly exchange and cooperation
- Will consent to be broadcast on designated channels by the SARFT and also promise not be land in China through other means

Local Entertainment Industry

Four State Owned Entertainment Groups

- China Film Group
 - IPO soon
- Xi'an Film Studio
- Shanghai Film Studio
- Huaxia Film Group (2003)

Local Entertainment Industry – Cont'd

Top Three private groups

- Beijing Poly-bona Film Publishing Co. Ltd
保利博纳
 - China's largest share-holding film distribution company
- Huayi Brothers Pictures Co., Ltd. 华谊兄弟
- Celestial Entertainment International Holdings Limited 橙天娱乐

Hot Cases - One

- Walt Disney, Columbia Pictures, 20th Century Fox and other three movie producers vs. Beijing Yongsheng Century International
 - In favor of the six movie right owners in the first instance in Aug 2007;
 - A total of 192,000 RMB compensation; and
 - Pending for the final decision.

Hot Cases - Two

- Founder Electronics vs. Blizzard Entertainment
 - A Chinese font copyright dispute;
 - Founder is seeking 13 millions in compensation; and
 - Pending for hearing.

Hot Cases - Three

- IFPI vs. Yahoo China
 - Music copyright infringement dispute;
 - In favor of IFPI in first instance in April 2007; and
 - Pending for the final judgment.

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Summary, Questions and Answers

Catherine Sun
Foley & Lardner LLP