



CONTRACTUAL FRAMEWORK IN AUDIOVISUAL PROJECTS



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Financiers

"Soft money" (SES, Business Finland)

Broadcaster / Streamer (e.g. Nelonen, Yle, MTV, Netflix)

Distributor/ Nordic (e.g. Nordisk Film, Nelonen, SF Studios)

Distributor/ ROW (e.g. Red Arrow, Mediawan, ITV)

Producer(s)

Producer (Yellow Film & TV)

(Co-producer)

Production

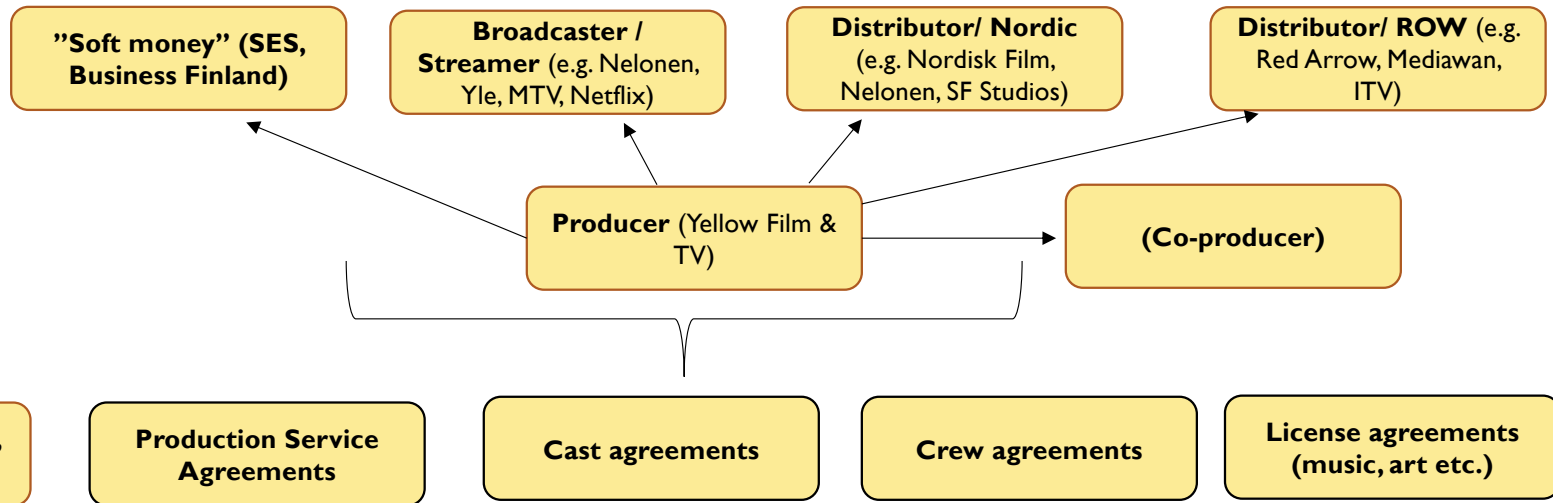
Location agreements, rental agreements

Production Service Agreements

Cast agreements

Crew agreements

License agreements (music, art etc.)



CONTRACTING TIMELINE

**DEVELOPMENT &
PREPRODUCTION**

FINANCING

PRODUCTION

**POST
PRODUCTION**

**DISTRIBUTION
AND SALES**

BASIC RULES FOR CONTRACTING IN AUDIOVISUAL PROJECT

- All agreements preferably in writing
 - "Chain of title" = proof of producer's ownership to the audiovisual project
 - Necessary rights (at least):
 - Rights to the script and adaptation rights to the original work
 - All intellectual property rights from everyone involved in making of the audiovisual project
 - Intellectual property rights to works of art made by a third party (e.g. Music)
 - Right to make amendments to the performances/ materials
 - Right to assign the rights to a third party
 - Any other rights which may impact the use of the film
- If there are no written agreements, it hinders producer's ability to transfer /license rights to the audiovisual projects to broadcasters, distributors etc.

A film crew is working in a snowy, wooded landscape. In the foreground, a camera is mounted on a dolly, and a crew member in a dark jacket is adjusting it. To the right, several other crew members in winter gear are standing or walking. The background shows snow-covered trees and a small wooden structure. The scene is lit with soft, natural light, suggesting a winter day.

DEVELOPMENT AND PREPRODUCTION

DEVELOPMENT AGREEMENTS

- *In the development / early preproduction phase, producer shall acquire rights to*
 - *Idea, concept, script of the audiovisual project.*
 - *If the audiovisual project is based on a previous work (e.g. Book, film), rights to that previous work.*
- *Sometimes the broadcaster / streamer commissioning the project orders development work -> development agreement with such commissioner*

OPTION AGREEMENT

- Option Agreement
 - Producer gets an exclusive option (but no obligation) to acquire rights to finance, produce and film an audiovisual project based on the concept/ book/ script etc.
 - The option agreement is valid for a limited period of time (e.g. 6 months, 2 years)
 - If producer exercises the option, the producer gets a right to create and produce a film or a TV series based on other party's existing work (concept, book etc.)

WRITER AGREEMENT

- In the beginning of the development and preproduction phase, producer hires a writer to develop the concept into a script and/or to write materials needed to finance the production.
- One of the most important agreements in a production. Writer is one of the main copyright holders to the audiovisual project -> producer has to ensure that it acquires necessary rights from the writer.
- Producer and writer agree on the specifics of writing the script and producer acquires rights to the script.
- Head writer and other writers.

DIRECTOR AGREEMENT

- Director shall usually be named already when financing the production (e.g. in production support applications, financing agreements etc.)
- One of the most important agreements as the director has a key role in all the creative aspects of audiovisual project and the director is one of the main copyright holders to the av-project -> producer has to ensure that it acquires necessary rights from the director.
- Lays down the terms and conditions in connection with the services provided by the director and the rights granted by the director
- Director specific terms such as who has the final cut

A large crane is positioned on a steep, rocky hillside. The crane's long jib extends across the upper portion of the frame, ending in a camera or sensor unit. Several people are visible on the slope, some near the crane's base and others further down. The ground is covered in dark, jagged rocks. In the background, a body of water is visible under a cloudy sky. The word "FINANCING" is overlaid in large, white, bold, sans-serif capital letters in the center of the image.

FINANCING

FINANCING AGREEMENTS

- *In order to finance the production, producer shall enter into financing agreements with the financiers. Examples on financing agreements:*
- Co-production Agreement
 - Audiovisual project may be produced by one or multiple producers. Producer as the main producer engages co-producers into production.
 - Determines e.g. Division of investment and profits, ownership of the intellectual property rights, creative decisionmaking, liabilities of the coproducers etc.
- Broadcasting Agreement
 - Broadcaster / streamer licenses (prebuy) performing rights to the audiovisual project against license fee
 - License fee is paid partly before/during the production and partly after delivery

FINANCING AGREEMENTS

- Distribution / Sales Agency Agreement
 - Distributor / Sales Agent acquires a right to distribute the av project
 - The distributor / sales agent might pay a "minimum guarantee" to finance the production
- Soft Money applications and agreements (FFF, Business Finland)
 - Producer may apply production support e.g. from the Finnish Film Foundation (SES) and Business Finland, international and EU production support
- Investment Agreement
 - Producer may engage independent investors to fund the production
 - When the av project starts making profit, investors get their investment back with interest

A wide-angle photograph of a film production set on a rocky, elevated terrain. A large crane with a camera at the end is positioned on the left, extending across the frame. Several crew members in various jackets are scattered across the rocky slope. In the background, a small structure and a tall antenna are visible against a cloudy sky. The overall scene is dimly lit, suggesting an overcast day.

PRODUCTION

CONTRACTING IN PRODUCTION

- In the preproduction phase, producer shall engage employees and contractors to different roles in order to perform the production.
- Most contract work is to be done in the preproduction phase and early production phase.
- Employment agreements and subcontractor agreements.
- Employment agreements (between employee and employer) are subject to mandatory laws in each country
- Contractor agreements (between two companies) can be more freely negotiated and agreed.

CREW AGREEMENTS

- Crew Agreements for each *department* (Art, Camera & Electrical, Hair & Makeup, Costume & Wardrobe, Sound etc.)
 - HOD Agreements (“Head of Department”), e.g. Cinematographer/DOP, Production Designer, Costume Designer, Makeup Designer, etc.
 - Other crew agreements, e.g. lightning technician, makeup artist, costumer, set dresser, etc.
 - Crew agreements are mainly alike, HOD agreements more in detail
 - -> Copyright critical especially with HOD Agreements as HOD’s hold creative responsibility with relation to the audiovisual project

CAST (ACTOR) AGREEMENTS

- Different agreements for main roles, side roles and extras
 - Agreements for main roles are more detailed and contain more terms
- Should always lay down any specific terms and conditions for the actor
 - for example obligation to not make changes to actor's appearance while filming and information and consent with relation to intimate scenes (if any)

ADDITIONAL CREW AGREEMENTS

- Additional crew agreements
 - Production accountant, production legal counsel, traffic controller, catering etc.
 - -> Not copyright critical but a written agreement is recommended in order to avoid misunderstandings and disputes

LOCATIONS AND RENTAL

- Filming locations must usually be rented from other companies or natural persons
 - Studios
 - Private homes and offices, private yards
- Location agreements contain the usual terms of rent (e.g. price, if any) but should also contain detailed information about the use of the property in the audiovisual project, right to film extra scenes, etc.
- If location is not rented (e.g. state property), location release might still be necessary (especially when filming abroad)
- In productions it is also often necessary to rent other movable property
 - Filming equipment
 - Cars
 - Props etc.
- Animal agreements

A cinematic photograph of a film set on a rocky, elevated terrain. A large crane with a camera at the end is positioned on the left, extending across the frame. Several crew members in various jackets are scattered across the rocky slope. In the background, a small structure and a tall antenna-like tower are visible against a cloudy sky. The overall mood is professional and atmospheric.

POST PRODUCTION

CREW AGREEMENTS

- Editor Agreement
- Editorial Department Agreements
- Special Effects and animation agreements

CAST AGREEMENTS

- Dubbing agreements (if not agreed in the Actor agreement)
- Voice actor agreements

MUSIC AGREEMENTS

- **Composer Agreement**
 - Composer agreements are used when the music is made specifically for the audiovisual project
- **Music Supervisor Agreement**
 - Head of the music department on a project, selects and licenses music for the production
- **Music Clearances**
 - Music Synchronization Licenses

LICENSES AND CLEARANCES

- License agreements are necessary when you want to include someone else's works of art or other protected material into your production
 - Music
 - Paintings and other artwork etc.
 - Film clips and other archive materials (e.g. Olympic Committee)
- License agreement gives the producer a permission to use the work of art in the production
- The license should be perpetual and worldwide
 - Example: You have licensed a painting to be shown in the film you are making. If there is a time limit on the license, you have to stop using the painting in the film after the license has expired, which means you would have to edit it out after the expiration of the license.

A cinematic photograph of a film set on a rocky, elevated terrain. A long crane arm extends from the center towards the right, with a camera mounted at its tip. Several crew members in various jackets are visible on the slope. In the background, a small structure and a tall antenna-like tower are visible against a cloudy sky. The overall lighting is soft and atmospheric, with a slight lens flare effect.

DISTRIBUTION AND SALES

DISTRIBUTION AGREEMENTS

- Producer grants distribution rights to the project to distributor
 - Can include only distribution rights to the ready-made or also to other film related rights such as remake rights or ancillary rights
- Distributor (usually exclusively) sells the audiovisual project and related rights in the agreed territory against agreed distribution fee (X% of the gross sales income) + costs. Rest of the sales income is paid to producer.
- There can be multiple distributors
 - Different territories (Scandinavia, “ROW” – rest of the world, etc.)
 - Same territory but different means of broadcast (Theatrical, TVOD/EST, SVOD, FTV, FVOD)
- Distributor might pay an advance payment (“Minimum Guarantee”) to producer and has the right to recoup such MG from the gross sales before paying any income to the producer

SALES AGENCY AGREEMENTS

- Producer grants sales agency a right to sell the av project against agreed sales fee (x% of the gross sales) + costs
- In comparison with distributor agreements, sales agency represents the av project to potential customers/buyers but the agreement is made between producer and customer (sales agent is not legally responsible towards the customer)
 - Whereas distributor engages in agreement with the customer on behalf of the producer and is legally liable towards the customer.

READY-MADE LICENSE AGREEMENTS / BROADCASTING AGREEMENTS

- Producer (or distributor, if any) grants broadcasting rights to the ready-made film / tv series to broadcasters and/or streamers
 - Nelonen, MTV, YLE, etc.
 - Netflix, HBO Nordic, etc.
- There can be multiple broadcasters
 - Different territories
 - Same territory but different means of broadcast (TVOD/EST, PTV, SVOD, FTV, FVOD)
 - Same territory, same means of broadcast but different time slots/windows

REMAKE LICENSE AGREEMENTS

- Remake = production of a film/ tv series that is based upon an earlier production. A remake can be a local version of a foreign film / tv series that utilizes the same story (and even the original scripts) but has different cast etc.
- By remake agreement producer licenses the remake's producer right to produce a remake from producer's original av project. Typically remake rights are sold to other countries.

ANCILLARY RIGHTS LICENSE AGREEMENTS

- Format license agreement, brand license agreement
- Producer grants rights to create any other form of content that was based on the original audiovisual project
 - Spin-off productions (such as a film based on a tv series)
 - Merchandising (merchandise products, theme park rights etc.)
 - Soundtrack rights
 - Novelization rights
 - Stageplay rights



Q&A