

## **UIP Undertakings**

### A

- (i) UIP and its studio Partners undertake that one or more of them will take initiatives to encourage, support and promote the training and professional development of young European film makers and their films including one or more of the following: providing financial support to European film schools and/or other training institutions; providing funding to film festivals in the EEA, particularly those which showcase the talents of novice film makers; sponsoring prizes and awards for promising EEA directors or producers; and offering internship opportunities to novice EEA film industry professionals.
- (ii) UIP and its Partners envisage that the type of initiatives to be taken may change from time to time reflecting their views as to the type of initiative then most likely to encourage development of EEA film makers and their films.

### B

- (i) Neither the UIP Partners' Committee nor the UIP Operating Committee nor any other committee of UIP composed of representatives of the UIP Partners shall consider or discuss plans to release, distribute or market the individual films of any Partner. UIP shall prepare and maintain minutes of all such meetings.
- (ii) Except pursuant to any co-production, co-financing or similar agreement for one or more films entered into independently of the UIP arrangements, each Partner undertakes to set dates for the release of its films through UIP individually without agreeing or seeking to reach agreement with any other Partner as to such date, and UIP shall not disclose a release date set by one Partner to any other Partner which has been designated as confidential by the Partner setting that release date until such time as either such Partner designates such information to be no longer confidential or such information becomes known to any exhibitor or other third party.

## C

- (i) UIP will support cinema industry efforts to establish arbitration or comparable procedures for the resolution of disputes between exhibitors and distributors.
- (ii) When a dispute (*i.e.*, an impasse that cannot be resolved through commercial dialogue) arises with an exhibitor regarding the allocation of prints for films for which UIP holds the distribution rights, in those Member States where exhibitors currently cannot compel UIP to submit such disputes to arbitration under existing industry arbitration procedures, UIP will advise that exhibitor of UIP's willingness to conciliate or arbitrate such disputes
- (i) Any conciliation or arbitration pursuant to clause (ii) shall be carried out in accordance with the rules and procedures set out in the Annex hereto.

## D

- (i) UIP will not make or seek to make the supply of a print for one picture conditioned upon the exhibitor accepting a supply of a print for any other picture.

## E

- (i) Films which UIP supplies to those cinemas, if any, that may be wholly-owned or controlled by Paramount or Universal ("Controlled Cinemas") shall be supplied on an arm's length basis recognizing that differences in terms may be attributable to commercial differences between a Controlled Cinema and another cinema, including in particular but without limitation the box office performance, physical qualities, geographical location, programming policy and payment record of that exhibitor, and recognizing further that it is not economically desirable to license a film to every exhibitor desiring that film and that each film is a unique and heterogeneous product which has individual characteristics and therefore different box office potential at different cinemas and at different times.

*(The Geographic Scope of Undertaking A is the EEA. The Geographic Scope of Undertakings B, C, D and E is the EEA except UK and Ireland, where Paramount and Universal do not conduct joint-distribution with effect from 1.1. 2007.)*

## Annex

### **Arbitration and Conciliation Rules and Procedures**

#### SCOPE AND OBJECTIVES

##### 1. Objectives

1.1 The objectives of these rules and procedures are:

1.1.1 to provide a framework for fair and equitable dealing between UIP and exhibitors;

1.1.2 to provide a non-legalistic, cost-effective and commercially oriented means of avoiding and settling disputes regarding product allocation;

1.1.3 to reduce the likelihood of litigation between UIP and exhibitors.

##### 2. Scope

2.1 UIP and exhibitor agree to endeavour in good faith to resolve disputes regarding product allocation through one of the dispute resolution mechanisms set out herein.

#### **PRINCIPLES APPLYING TO THE SUPPLY OF PRINTS**

##### 3. The Overriding Principle

3.1 UIP and the exhibitor will deal with the other on a fair and equitable basis at arm's length having regard only to legitimate commercial objectives.

##### 4. Supply of Prints

4.1 UIP will formulate its decisions as to whether an exhibitor will be offered supply of a print, on a picture-by-picture basis (without, for the avoidance of doubt, making or seeking to make the supply of a print for one picture conditional on the exhibitor accepting a supply of a print for another picture), in first run, second run or at all, having regard to its distribution strategy in relation to the picture, the nature of the picture and its anticipated performance and having regard to the following factors:

4.1.1 primarily, the expected return from the exhibitor with respect to such supply based (where available) on past

box office returns from the exhibitor and any other relevant financial data and considerations;

4.1.2 the overall business relationship including the existing supply arrangements between the exhibitor and the distributor;

4.1.3 the geographical location of the exhibitor, and its proximity to competitive exhibitors;

4.1.4 the general condition and facilities of the theatre, including the auditorium, front of house, projection and audio facilities;

4.1.5 the extent of any marketing and promotional activities of the exhibitor which may be of benefit to the picture.

4.2 The exhibitor acknowledges that the formulation by UIP of a marketing strategy for each film is dependent upon the skill, experience, expert intuition and personal judgment of the individuals responsible for such decisions.

## **RESOLUTION OF DISPUTES BY ARBITRATION AND/OR CONCILIATION**

### **5. Arbitration and/or conciliation**

5.1 The purpose of this part of the rules is to set out the options available to an exhibitor to seek to resolve a dispute with UIP. At the exhibitor's discretion, it may choose

5.1.1 conciliation;

5.1.2 arbitration; or

5.1.3 conciliation followed, if the dispute remains unresolved, by arbitration

### **6. Conciliation**

6.1 An exhibitor who intends to seek to resolve a dispute before a conciliator pursuant to paragraph 5.1.1 shall give written notice (registered letter or hand delivery) to UIP stating the nature of the dispute to be resolved, the basis of its position and the relief requested.

6.2 Recognizing the importance of speed in determining disputes between distributors and exhibitors regarding product allocation, UIP will at all times endeavour to maintain a list of two or more senior independent lawyers with experience of

conciliation and of the law prevailing in the country of the exhibitor. Such lawyers shall be expert conciliators (in some countries known as mediators) of recognized integrity and stature who will command respect from all sectors of the industry and who will not during the term of office hold any substantial interest in the film industry.

- 6.3 Where the exhibitor serves notice under paragraph 6.1, UIP shall contact the first lawyer on the list and that lawyer, provided he or she confirms his or her availability at that time, shall act as the conciliator. If that lawyer is then not available, UIP shall contact the second lawyer on the list who shall, subject to availability, act as the conciliator. UIP shall notify the exhibitor which lawyer is to act as the conciliator in the dispute in question within a maximum of seven days.
- 6.4 Both UIP and the exhibitor shall use their best endeavours to commence the conciliation procedure within fourteen days of the appointment of the conciliator.
- 6.5 The conciliator's role is to act in good faith as a neutral, impartial facilitator of constructive discussion between the parties on the causes of a dispute so as to assist the parties in reaching agreement on a mutually acceptable solution. The conciliator, at the time of appointment, shall be asked to attempt to procure agreement within a maximum period of twenty-eight days.
- 6.6 The disputants shall bear their own costs of the conciliation and unless otherwise agreed, shall pay in equal shares the conciliator's fee and out-of-pocket expenses and any other reasonable costs of and incidental to the conciliation (such as hearing room fees).
- 6.7 Subject to these rules, the conciliator shall determine his/her own procedures, and may require the parties to enter into an appropriate conciliation agreement.

## 7. Arbitration

- 7.1 An exhibitor who intends to seek to resolve a dispute before an arbitrator or arbitral tribunal pursuant to paragraph 5.1.2 or 5.1.3 shall give written notice (registered letter or hand delivery) to UIP, stating the nature of the dispute to be resolved, the basis of its position and the relief requested.
- 7.2 In such case, the proceeding shall be conducted by one arbitrator nominated jointly by the parties within seven days after receipt of the written notice. If the parties cannot agree upon the joint appointment, then within ten days after receipt of

the written notice UIP and the exhibitor shall each appoint one arbitrator. The arbitrators appointed by UIP and the exhibitor shall appoint another arbitrator to be president of the arbitral tribunal within ten days after both have been nominated. If the arbitrators do not agree, the third arbitrator shall be appointed by the President of the court of Appeals having jurisdiction in commercial matters in the capital of the exhibitor's country.

- 7.3 The law applicable to the substance of the case shall be the law of the country of the exhibitor .
- 7.4 The internal arbitration procedure shall follow the Rules of the Arbitral Court of the International Chamber of Commerce (ICC Rules). General procedural issues shall be regulated by the law of the country of the exhibitor.
- 7.5 The place of arbitration shall be the country of the exhibitor
- 7.6 The arbitration shall be conducted in the language of the exhibitor.
- 7.7 Arbitrators are to be advised in writing by the party or parties appointing them of the urgency derived from the specific features of the cinema distribution and cinema exhibition industry. In order to permit an expedited decision to the extent permitted by national law:
  - a) an application to the competent judicial authority for preservation or interim measures shall not be incompatible with those rules as to arbitration and shall not imply a renunciation of those rules;
  - b) if an arbitrator or an arbitral tribunal is able to make an award more quickly if it does not have, at the same time, to give reasons for its decision, then the arbitrator or arbitral tribunal may make the award without giving reasons providing reasons are then given within a reasonable period thereafter.
  - c) the arbitral award is to be made within a reasonable time after the date on which the arbitrators accepted office. The Parties, in appointing the arbitrator or arbitral tribunal shall request the arbitrator or arbitral tribunal to use best endeavours to make an award within three months of being appointed.
- 7.8 The arbitrator or arbitral tribunal shall fix the on account payment which shall be made by either or both parties towards the costs of arbitration.

7.9 The arbitration award shall, in addition to dealing with the merits of the case, fix the costs of arbitration and decide which of the parties shall bear the costs or in what proportions the costs shall be borne by the parties.