

Two Senior Partners in Tian Tai Law Firm were invited by Chambers & Partners to compose an in-depth overview

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Recently, invited by Chambers & Partners, an authoritative international legal rating organization, two Senior Partners of Tiantai Law Firm, Ms. Dong Yuanyuan and Ms. Guo Chunfei, exclusively wrote an overview for the firm, entitled Greater China Region-CHINA: An Introduction to TMT: Media & Entertainment (PRC Firms).

The full text reads as follows:

Introduction to TMT: Media and Entertainment

China's media and entertainment industry is developing towards a more digitised and standardised form. The innovation and application of key digital technologies is accelerating, which in turn is driving the digital transformation of the industry. At the same time, the improvement of laws and regulations paints a rosy picture of the industry's future. As a result, industry practitioners face unprecedented opportunities and challenges.

Opportunities and Challenges

In the digital era, the creation of a digital economy and a digital society provides the driving force for the digital transformation and development of the media and entertainment industry. Relevant businesses that are strongly supported include, but are not limited to, digital creativity, online audio-visual services, digital publishing, digital entertainment, and online performance and broadcasting. For example, television shows are exploring the possibility of virtual hosts, libraries and museums are launching online exhibitions and releasing NFT digital collections, and music is more often distributed digitally. Digital technology has promoted the transformation of many traditional industries, such as film, television, tourism, and music. In the past year, China's economy was still affected by the pandemic. Due to pandemic prevention policies, many live entertainment events could not be held, which accelerated the digital development of the industry and promoted its digital transformation.

In the meantime, as cyberspace and society become more deeply integrated, strengthening cybersecurity has also become an important issue. Efforts to improve laws and regulations relating to cybersecurity and the creation of information protection infrastructure are also in full swing. For example, the draft of the amendment of Cybersecurity Law of the People's Republic of China was released in 2022. The amendment provides for further prohibitions, adjusts the severity of relevant penalties, and improves the connection with the Personal Information Protection law.

Establishing Administrative Management for New Industries

With the rise of new consumer formats such as 'murder mysteries' and 'escape rooms', the industry chain has gradually improved. The industry scale will be continuously expanded along with the participation of script writers, distributors, actors, store merchants, and vertical platforms. It is estimated that the market size of murder mysteries will be CNY44.81 billion by 2025. To regulate the industry, five ministries including the Ministry of Culture

and Tourism jointly issued the Notice on Strengthening the Management of Script Entertainment Business Venues in June 2022. The Notice pointed out that a content self-review system must be established by the business venues to review scripts, performances, scenes, props, and costumes to ensure that the content is legal.

Strict Supervision of Internet Copyright

From September to November 2022, the National Copyright Administration and other departments jointly ran the “Jianwang 2022” campaign, providing both standardised development and strict punishments. The campaign combated online copyright infringement and piracy, focusing on online video, online music, online literature, online news, online livestreaming, and many other areas.

The State Administration of Radio, Film and Television has officially issued administrative licences for online dramas since 1st June 2022. The official launch of the Network Drama Release Licence gives creators a stronger sense of social responsibility, and also puts forward higher standards and stricter examination of the selection of themes and content. “Network standard” is creating a sound development mechanism for the online audio-visual industry, driving the entire industry to achieve high-quality development.

NFT Digital Collection Hit by Cold Wave

In August 2022, Tencent Magic Core announced that it would stop publishing NFT digital collections, and users could choose to keep them or apply for a refund. In September 2022, Tencent Music’s TME NFT digital collection was nearly shut down, with no product updates for a long time. The NFT digital collection was recently hit by a cold wave, and the industry has shown signs of trouble. In addition to copyright issues, the financial risks of NFTs also need to be guarded against.

For example, in April 2022 the National Internet Finance Association of China and other departments jointly issued the “Initiative on Preventing NFT-Related Financial Risks”, which provides relevant codes of conduct to avoid financial speculation and chaos. The cold wave this time also heralds the trend of strict supervision. Relevant policies and regulations are expected to ensure a good development of NFT digital collections.

Rectification of Network Livestreaming

Improving moral accomplishment and spiritual outlook has become the focus of the construction of the media and entertainment industry in order to enhance its cultural soft power. Industry practitioners and relevant departments are focusing on improving their moral image in order to ensure that public figures become moral role models.

Livestream e-commerce is developing rapidly. However, with the rapid growth of the industry, many problems have been emerging, such as hosts’ tax issues as well as illegal or vulgar content. Therefore, the industry has called for stricter supervision and governance. The “Code of Conduct for Network Hosts” released in June 2022 stipulates the bottom line of behaviours that are prohibited for hosts during online audio-visual performances. The document also clarifies that hosts should adhere to correct guidance and fulfil their legal tax obligations. Network platforms and brokerage agencies should also actively fulfil their responsibilities and strengthen the training and management of hosts. The coordination of industry self-discipline and external supervision is conducive to the orderly development of the industry.

Performance Cancellation Due to the Epidemic

The epidemic has been a constant topic in recent years, and there is no doubt that the media and entertainment

industry has been seriously affected by it. For example, the release of movies and dramas is often delayed, theatre attendance is always strictly controlled, and the shooting of movies and TV dramas is also often delayed, all of which will cause considerable losses to industry practitioners. Such force majeure cannot be avoided, so relevant clauses should be clearly specified in the contract in order to minimise losses. The contract should also include detailed clauses focusing on the possible impact, the obligations of both parties, and subsequent solutions.

The prosperity of the media and entertainment industry is promoted by economic and social development. The standardised development of the industry also needs the improvement of supporting laws and regulations. In today's economic, social and legal context, the industry faces various opportunities and challenges. Industry practitioners should seize the opportunities and abide by relevant laws and regulations in order to achieve better development.

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