

[FR] Cancellation of Approval for Un long dimanche de fiançailles Upheld

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On 31 May the administrative court of appeal in Paris upheld the cancellation of the approval issued by the national cinematographic centre (Centre national de la cinématographie - CNC), thereby denying the film *Un long dimanche de fiançailles* access to public aid for production, on the grounds that the producer is not European (see IRIS 2005-1: 13). According to Article 7.II of Decree No. 99-130 of 24 February 1999 on financial support for the cinematographic industry, in order to be eligible for such support, "Production companies must also meet the following conditions: (...) 2. Not be controlled, within the meaning of Article 355-1 of the Act of 24 July referred to above, by one or more natural or legal persons with the nationality of a state other than those European states referred to in paragraph 1". It should be borne in mind that 32% of the capital of 2003 Productions, the company producing the film, is held by the company Warner Bros. France, a subsidiary of the American company Warner Bros. Entertainment Inc., which holds 97% of its capital, and 16% by the managing director of Warner Bros. France; the remainder of the capital is held by employees. The administrative court of appeal began by rejecting the argument raised by the appellant production company, as the provisions of the regulations in force neither prevented American companies from carrying out cinematographic production activities in France nor imposed on them conditions that differed from those applicable to French companies. They therefore did not infringe the principle of freedom of establishment embodied in the Franco-American agreement signed on 25 November 1959 and rendered public by Decree No. 60-1330 of 7 December 1960.

The court then turned to the more specific features of the case, particularly the structure of the production company's capital. It found that the natural persons holding shares in 2003 Productions, all senior managers at Warner France, should be considered to be acting in concert with the company in terms of decision-making on the part of the board of directors and general meetings of shareholders of the applicant production company. Thus Warner Bros. France, the parent company of 2003 Productions and 97%-owned subsidiary of the American company Warner Bros., should be considered as controlling the applicant company for the purposes of the works in question. The court therefore found that the CNC and 2003 Productions were not justified in claiming that the administrative court had erred in cancelling the decision to grant approval to the

full-length film *Un long dimanche de fiançailles*.

The full court is scheduled to meet on 1 July to consider the appeal against the cancellation of the approval granted to the film *L'ex-femme de ma vie* for the same reasons. The think-tank set in motion by the Ministry of Culture to consider the possibility of extending production aid to non-European companies has not yet published the results of its work, although this was due on 15 June.

