



ACSIL Grid -- Frequently Asked Questions

1. Does this mean footage will get more expensive? Cheaper?

Neither. Footage pricing decisions were, are, and always will be determined by the negotiation between individual footage licensors and licensees. What ACSIL has created here is alternative terminology for conducting footage negotiations, not an alternative pricing scheme. If we were to submit price recommendations along with the Grid, we'd be guilty of price fixing and would all -- deservedly -- go to jail. Having said that, ACSIL is sensitive to pricing concerns and is considering developing a "conversion table" of sorts to help licensees and licensors unfamiliar with the new Grid relate it to the old terminology. Even if the Grid took hold, we anticipate that there would be a transition period in which the old and new terminologies were used on parallel tracks, alongside each other, as licensors and licensees got used to the new categories.

2. Does this mean licensing (and pricing) will become standardized across the stock footage industry?

It is ACSIL's hope that footage licensing will someday become standardized across the industry, and that the new ACSIL Grid will be that standard. However, we are not so naive as to think that this change will happen overnight. Indeed, the members of ACSIL freely acknowledge that we will struggle to get our new Grid accepted by our own legal departments! However, we believe strongly that this Grid has its own inescapable logic, and we are hopeful that its many benefits to footage buyers and sellers will become manifest and then gradually permeate the industry over the next few years. Regarding pricing, there is no effort afoot to standardize pricing across the industry -- see answer to question #1 above.

3. How will this correspond to my commissioning broadcaster's rights requirements? I still get very specific format requirements from them.

Every format that a broadcaster commissions today, pre-Grid, will still be available after the Grid is employed. There is no change of methodology inherent in the Grid; we are not deciding amongst ourselves no longer to license to certain markets or territories or for certain terms. This is simply a change in terminology that we think is long overdue. For example, the distribution currently referred to as "all forms of television" will now be more precisely defined according to Production Type, Visibility, Commerce Type and Audience Size. The idea is to dig deeper and get beyond delivery mechanisms like TV, DVD, VOD, and the like. DVD, after all, describes a physical entity, a video disc. It does not begin to describe the licensee's project. It does not reveal either the end user or the revenue model. And yet, it is employed industry-wide to describe rights! ACSIL contends that because rights and licensing terminology hasn't caught up with the profusion of new technologies, the industry ends up with a host of technology/format terms like DVD and VOD and PPV as stand-ins to describe rights. These terms are ill-suited to do that job and must be replaced.

4. Ideally, we need all media rights. Why not a flat rate model?

Once again, we are not attempting to influence the way individual footage licensors make their pricing decisions. Licensees asked licensors for flat rate quotes for all media rights before the Grid, and they will continue to ask for such deals after the Grid. Licensors will respond to



that inquiry as they always have, depending on whether and how they allow for flat rate deals for all media rights. What's changing is nothing more than the way the licensors will refer to and categorize the extremely vague and confusing term "all media rights."

5. I understand that the evaluation of my license fee according to the Grid happens behind the scenes, and that I still get a standard license agreement. But how do you plan on treating hybrids when it comes to Production Type and Commerce Type? What about a docudrama? Or a program that is considered both "free" and "sponsored" if there are several consecutive television windows? Do I get charged twice?

Implicit in this question is that "hybrids" don't exist today and will only exist after the Grid is used. That is simply not true. The stock footage industry does not march in lockstep and is in fact all over the map on many terminology/categorization issues. Take video on demand, for example. Ask three ACSIL members how they currently categorize VOD rights and you'll likely get three different answers -- one considers it a subset of video/DVD rights, another considers it a subset of cable TV rights, and the third considers it to be its own unique category. These categorization dilemmas existed long before the Grid was created and will continue long after the Grid becomes the new industry standard. The one big difference -- and the reason ACSIL created this Grid in the first place -- is that after adoption of the Grid, the resulting license agreements will get much closer to clarity because, instead of describing the market licensed as simply "VOD," they will instead take into account salient details like the Production Type, its Visibility, Commerce Type and Audience Size that are not necessarily (or at least not overtly) taken into consideration today. The Grid is a way to capture information that more precisely describes the nature and reach of the licensee's project. ACSIL believes that more information -- and more precise information -- is always a good thing.

6. Looking at the Grid for the first time, the process looks just as complicated as before, if not more so. How exactly does this make things easier?

Under the new Grid, Territory and Term are defined exactly as they were before and are specific to the agreement. While it is true that there are four new categories (Production Type, Visibility, Commerce Type and Audience Size), these categories describe the nature of the licensee's project in relevant and easy-to-understand ways that the "market" itself -- which really describes only the delivery mechanism and is erroneously interpreted as describing rights -- does not. With the proliferation of new distribution technologies, licensees and licensors alike are forced to retain batteries of lawyers just to craft and parse the techno-jargon that passes for right language these days. While this has always been a problem, the problem has gotten out of control recently, as this year's new gizmo is developed before the ink is dry on the legal department's futile attempt to make sense of last year's new gizmo.

The ACSIL Grid rectifies this historical problem by sidestepping it. The Grid is written in plain English, using terms almost anyone can understand. It is an elegant solution because it is forward-looking. It doesn't matter what new technologies are developed in years to come. What matters instead is the type of program being created, how and where the program is exhibited and to whom, and how the program is sold.