CoSTAR
THE UK R&D NETWORK FOR CREATIVE TECHNOLOGY

UKRI Arts and Humanities Research Council

ForesightLAB

AI Policy and its Impacts on the Screen Sector Across the Globe

A Foresight Lab Report prepared by Olsberg·SPI

January 2026

Marta Moretto, Joshua Dedman, Kiera Obi, Lili Ruzsiczky, Leon Forde, Vicki Williams, Graham Hitchen, & Ekaterina Tarnovskaya

OLSBERG·SPI
Loughborough University
Goldsmiths UNIVERSITY OF LONDON
THE UNIVERSITY of EDINBURGH
BFI

The CoSTAR Foresight Lab

Driven by the UK's leading Creative Industries experts, the CoSTAR Foresight Lab is researching the adoption, use and impact of new, emergent and convergent technologies in gaming, TV, film, performance and digital entertainment.

Our findings will inform research, development and innovation across the Creative Industries, including the R&D taking place through the convergent screen technologies and performance in real time (CoSTAR) programme, the UK R&D network for creative technology.

CoSTAR is a £75.6 million national R&D network of laboratories that are developing new technology to maintain the UK's world-leading position in gaming, TV, film, performance, and digital entertainment. Delivered by the UKRI Arts and Humanities Research Council, the programme is supporting new innovations and experiences that will enrich the UK's Creative Industries, economy, and culture. The network comprises the National Lab, the Realtime Lab, the Live Lab, the Screen Lab and the Foresight Lab. CoSTAR is funded through UK Research and Innovation's Infrastructure Fund, which supports the facilities, equipment and resources that are essential for researchers, businesses, and innovators to do groundbreaking work. You can find out more by visiting www.costarnetwork.co.uk.

Foresight Lab partners and contributors

Core Partners:
Prof Jonny Freeman; Cimeon Ellerton-Kay; Jac Sanscartier (Goldsmiths, University of London)
Prof Frauke Zeller; Prof Melissa Terras MBE; Dr Suzanne R Black; Gavin Inglis (University of Edinburgh)
Prof Graham Hitchen; Dr Ekaterina Tarnovskaya; Dr Vicki Williams (Loughborough University)
Rishi Coupland; Keir Powell-Lewis; John Sandow; Brian Tarran; David Johnston (BFI)

Delivery Partners:
Florence Mansfield (Arup)
Prof Hasan Bakhshi MBE; Dr Tom Cahill-Jones; Prof Giorgio Fazio; Dr Sarah Najm (Creative Industries Policy and Evidence Centre)
Brendan Miles (Data Thistle)
Chiara Badiali; Natalie Highwood; Alison Tickell (Julie's Bicycle)
Arina Mnatsakanyan; Jodie Pearton; Noemi Ponzoni; Anna Stewart; Lewis Turner-Brown (i2 media research)
Leon Forde; Marta Moretto; Joshua Dedman; Emma Openshaw; Peter Cobb; Kiera Obi; Lili Ruzsiczky (Olsberg·SPI)
Patrick Bradley (Station12)

The Foresight Board:
Prof Dave Bull; Prof Darren Cosker; Sarah Ellis; Steve Jelley; Gaby Jenks; Prof Greg Maguire; Prof Alex McDowell; Prof Sylvia Pan; Dr Romana Ramzan; Bill Thompson; Dr Lincoln Wallen; Nell Whitley; Deborah Williams OBE

The Lab is administered by Petra Lindnerova & Daniel McCarthy.

Foreword by Professor Graham Hitchen

2025 was a hugely significant year for Artificial Intelligence (AI), the adoption of AI tools across the Creative Industries, and new policy and regulatory trajectories.

In the UK, we saw the publication of the Government's *AI Opportunities Action Plan* in January 2025, which set out ambitions for the UK to shape the AI revolution and provide global leadership. Alongside this the Government's launched a consultation on AI and Copyright– proposing to roll out an "opt-out" approach to the use of copyrighted works in AI training which was given short shrift by the Creative Industries sector. This was followed by the launch of the UK's *Modern Industrial Strategy* and a suite of *Growth Sector Plans* and the *Technology Adoption Review*.

Multiple policy propositions and programmes have since been set out, including strengthening AI R&D, promoting responsible AI adoption, and establishing UK-wide AI Growth Zones. These have a particular focus on AI adoption and skills, and a set of government-industry partnerships to train 7.5 million UK workers in essential AI skills, including a £187m investment in a new "TechFirst" programme.

The CoSTAR Foresight Lab has been tracking these and other AI developments of relevance to the Creative Industries, including via our reports and advanced machine learning framework – from tools being adopted, sustainability impacts and getting to grips with emerging areas of future impact through established foresight and futures methodologies.

This report, developed by Olsberg·SPI for the CoSTAR Foresight Lab, is one of several international studies – including the *Creative Technologies International Scans* – that have sought to understand how other nations are responding to the challenges of generative AI. The research that is laid out here provides a deep dive into international policy and strategic approaches to AI across four territories. Building on from the Lab's *Perspectives and Paths Forward* report, this report uses the screen sector (film/TV) as a case-study to explore policy and strategy being rolled out across the global Creative Industries relating to AI – from new incentives to global policy debates, perspectives and interventions. The four territories selected provide insights and case studies which are relevant to the challenges being faced in the UK.

Our ambition with this report is to map out a range of different approaches to AI across the sector globally – providing a strategic roadmap for UK policymakers to navigate policy interventions and potential opportunities for international collaboration and partnership. It illustrates a snapshot in time, which will be complemented by the Lab's ongoing tracking of developments in advanced technologies in the Creative Industries across the UK.

Professor Graham Hitchen
Director of Policy, CoSTAR Foresight Lab

Please cite as:
Moretto, M., Dedman, J., Obi, K., Ruzsiczky, L., Forde, L., Williams, V., Hitchen, G., Tarnovskaya, K. "AI Policy and its Impacts on the Screen Sector Across the Globe". CoSTAR Foresight Lab. DOI: 10.5281/zenodo.18293335

Contents

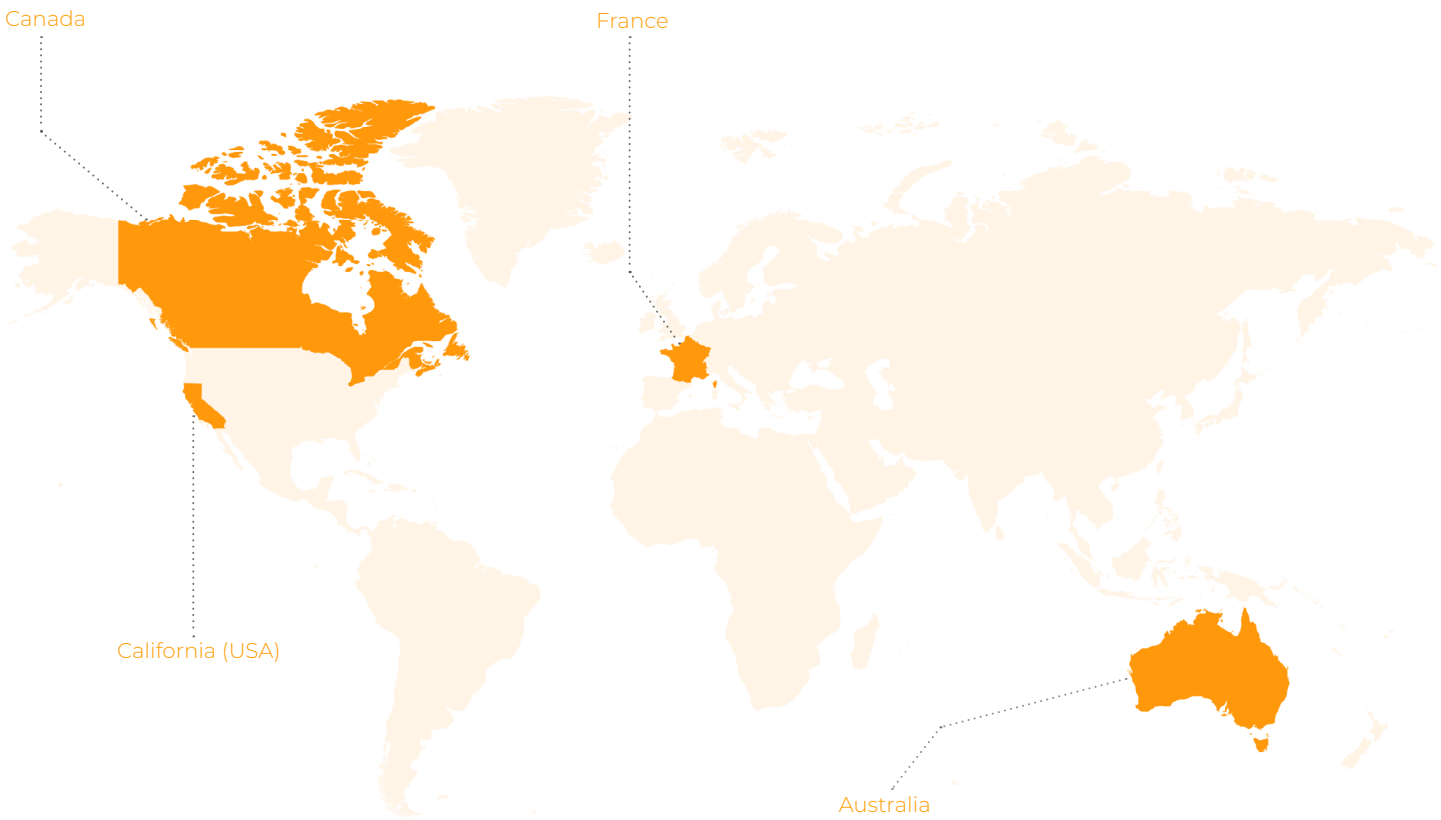
Executive Summary

Study Overview

This study examines the rapidly evolving relationship between artificial intelligence (AI), policy, and the Creative Industries, focusing on the screen sector.[1] It explores how AI is reshaping production processes and business models, while also raising important questions around governance, regulation, and the safeguarding of creative and economic interests. Further, this study explores the convergence of innovation opportunities and regulatory challenges associated with AI, with a particular focus on how these dynamics are unfolding in the screen sector.

Produced by Olsberg·SPI (SPI) in partnership with the CoSTAR Foresight Lab, this report provides international perspectives on AI policy and legislation through detailed case studies of Australia, California (USA), Canada, and France. It considers how these jurisdictions are shaping policy, how screen sector companies and organisations are experiencing the effects of AI regulation (or the lack thereof), and what lessons may be relevant for the UK.

The study offers insights into the specific contexts in which AI legislation is emerging, the challenges faced by industry and policymakers alike, and relevant insights for the UK as its own approaches to AI governance and adoption evolve.



1 Focusing on film and television production

Approach

The study employed a mixed-method approach, combining extensive desk research with 24 consultations involving stakeholders across policy, research, training, and industry. This included both UK-based stakeholders and experts from the four profiled jurisdictions. The analysis was guided by a structured research framework, which set out the study's scope, search terms to guide the review and tracking of resources and articles, and areas of focus. The emerging findings were also tested and refined with the CoSTAR Foresight Lab consortium and UK public policy representatives. This methodology enabled the research team to identify existing legislative and policy frameworks, assess their impact on screen sector companies and organisations, and situate these findings within the wider international debate on AI governance.

The four profiled jurisdictions – Australia, California (USA), Canada and France – were selected to provide diverse perspectives across continents, each with established screen sectors and distinct approaches to AI policy and legislation. These jurisdictions were also identified in the CoSTAR Foresight Lab's *Creative Technologies International Scan*[2] as key reference points due to recent industrial actions and policy analysis. Data availability and access to policymakers and industry representatives were additional selection criteria.

When interpreting the findings, several considerations should be noted. The study focuses on four jurisdictions and the screen sector of the Creative Industries, aiming for diversity of perspective rather than comprehensive global coverage. Given the rapid pace of technological and policy developments in AI, some findings may have evolved since the study was conducted.

Accordingly, this report, and the related wider study, does not seek to provide an exhaustive global analysis but rather to highlight distinctive national approaches, shared challenges, and lessons that may inform UK policymakers and sector stakeholders.

2 *Creative Technologies International Scan #4*. Olsberg·SPI, November 2025. Accessible at: https://a.storyblok.com/f/313404/x/43404cab7e/creative-technologies-international-scan-4.pdf

Key Study Findings and Lessons for the UK

The study uncovered a series of key findings and lessons for UK policy and industry decision-makers. These are summarised in Table 1 and expanded further throughout the report.

Table 1. ***Key Study Findings and Lessons for the UK***

Key Study Finding	Key Lesson for the UK
The application of AI in screen production is often invisible to audiences, with organisations working across the sector often cautious about disclosure, or unsure as to how to disclose or make transparent use of AI.	Consideration should be given to proportionate transparency frameworks and safe disclosure incentives (e.g. reporting sandboxes, anonymised case studies) to encourage further AI innovation in the sector and make industry practice visible.
Large companies are developing proprietary in-house tools and training on proprietary data. The lack of open-source tools and high-cost of development creates opportunity barriers for smaller firms to fully participate in creative innovation.	It is important to promote shared public-interest infrastructure (model hubs, shared and rights-cleared datasets, not-for-profit sandboxes[3]) to guard against capability concentration and enable SMEs to access high-quality tools.
General-purpose AI tools can produce inconsistent, culturally biased outputs and lack malleability for production needs.	It is important to support the development of culturally representative datasets and model-adaptation programmes to ensure tools reflect diverse populations, experiences and fit cultural and production requirements.
Skills gaps and uneven expertise limit AI adoption in the screen sector, with expertise concentrated in large organisations and traditional production hubs which have greater capacity to upskill their employees and businesses.	National skills programmes (technical and soft interpersonal skills) targeted at SMEs, freelancers and regional hubs would help to address skills gaps in the UK, including via apprenticeships, micro-credentials and knowledge-sharing networks.
Model training and operation consume significant energy and water, with hidden environmental costs – an increasingly important factor for Creative Industries organisations when assessing AI adoption.	It is important to improve the understanding and monitoring of AI's environmental impacts. This should involve environmental reporting for major AI training and deployment in the sector, sharing best green-AI practices (e.g. reusing pre-trained models, meeting efficiency standards), incentivising renewable compute, and supporting further research such as the CoSTAR Foresight Lab Report on *Sustainability Impacts of Convergent Technologies in the UK Creative Industries*[4]

3 AI training within controlled environments – typically run by public or non-commercial organisations – where AI systems can be safely developed, tested, and trained using shared data and resources for public benefit rather than profit

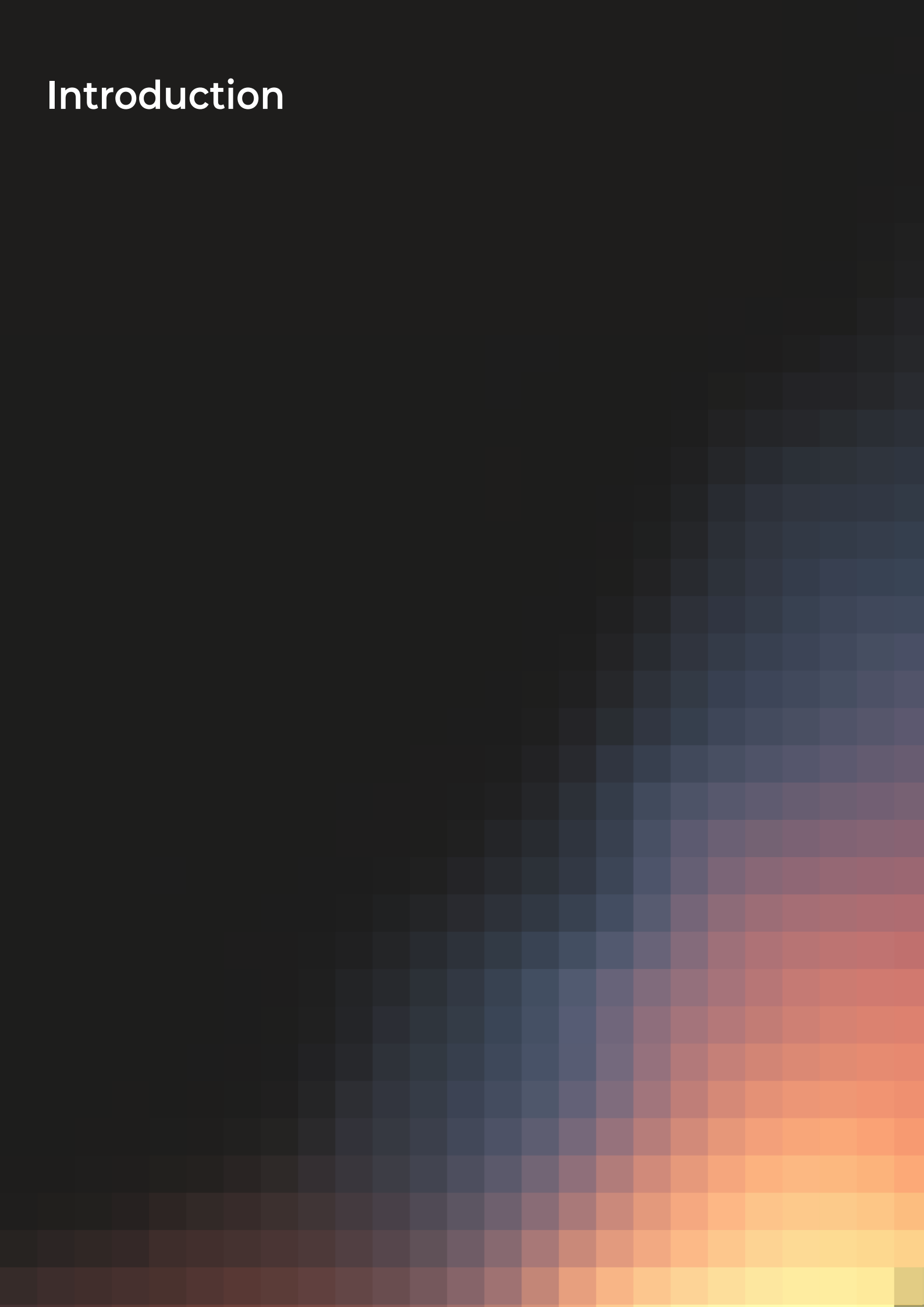
4 *Sustainability Impacts of Convergent Technologies in the UK Creative Industries*. Arup for the CoSTAR Foresight Lab, April 2025. Accessible at: https://a.storyblok.com/f/313404/x/85a609a8a4/sustainability-impacts-of-convergent-technologies.pdf

National approaches range from binding legislation to sector-specific guidance, while international regulation is still evolving. Given the screen sector's global value chain, organisations must navigate multiple regulatory frameworks or adapt practices across jurisdictions. As AI's impacts are inherently cross-border, they cannot be fully addressed through national laws alone.	It is essential that the UK adopts a proportionate, sector-specific approach aligned with international standards (EU, Council of Europe, UN) while safeguarding cultural sovereignty and flexibility for the screen sector. The UK should also maintain a leadership role in global forums (WIPO, UNESCO, Council of Europe, OECD) to shape norms on IP, training data, and performer protections, ensuring its creative interests are protected worldwide.
Lack of trust (due to high profile court cases) and uneven enforcement is limiting business and investor confidence.	It is important to build investor confidence by creating enforceable minimum standards for data use, IP, labour protections and environmental transparency, reducing risks for screen-sector investors.
Copyright and IP rules for AI remain legally uncertain and contested worldwide. This is explored in more detail in CoSTAR Network's response to the UK Government's Copyright and Artificial Intelligence consultation.[5]	Need to accelerate clarification on authorship, text and data mining (TDM) exceptions and machine-readable opt-outs.
Government incentives for screen production and post-production are being reviewed and reconsidered to recognise AI-enabled/assisted production costs.	It is important that new and adapted incentives explicitly recognise AI-enabled VFX and (post) production costs, as AI-assisted processes increasingly become intertwined within the screen production process, and tailor support for SMEs and regional producers.
Labour action has shaped AI protections where legislation lagged (e.g. USA strikes).	It is critical to engage proactively with unions and industry bodies to embed AI clauses in collective agreements and to co-design statutory backstops where bargaining cannot reach universal protections.
Screen agencies globally are actively assessing AI impacts and funding options via industry White Papers, sector consultations and longitudinal surveys.	It is important that UK screen agencies coordinate and share efforts and insights on assessing AI's impacts on the screen sector, including having shared evaluation metrics to translate pilots into scalable industry guidance.
Multinational mechanisms (UN, Council of Europe, EU AI Act) are shaping new examples of best practice, with international cooperation increasing.	It is essential that the UK leads and shapes international dialogues to protect performers' and creators' rights, while promoting dataset transparency and securing cross-border licensing arrangements that protect UK cultural interests.

How AI was used in this report: This report was conceived and delivered by a team of human researchers. AI tools were used to proofread the final contents of the report. Its contents were researched, analysed, written and designed by humans.

5 *CoSTAR Network response to the Copyright and Artificial Intelligence Consultation.* CoSTAR Foresight Lab, March 2025. Accessible at: https://a.storyblok.com/f/313404/x/c034a1c42d/costar-network-consultation-response.pdf

Introduction



Introduction

AI is rapidly transforming production and consumption within the Creative Industries, as well as many other sectors. This demands new perspectives and policies. Governments and the private sector internationally are simultaneously embracing and investing in the commercial and creative opportunities that AI provides to support innovation and economic growth, while also aiming to develop legislation to protect and safeguard against current and potential harmful impacts of AI.

This study examines this convergence and tension, in terms of policy and legislation, and focuses on the particular context of the screen sector (the "study"). Specifically, this report, as the output of the study, provides examples of international AI policy and regulation in selected jurisdictions, explores how these are affecting screen companies and organisations, and discusses what the UK can learn from overseas to inform its own approaches.

The key overarching areas of focus for the study are:

1. In the geographical and sectoral scope of the study, what specific AI legislation (or lack thereof) is in place?
2. How is this legislation affecting companies and organisations within the screen sector, and, in their view, how future-proof is this legislation based on foresighting sectoral changes?
3. What are the key lessons for the UK from these jurisdictions and organisations?

The study focuses on four jurisdictions: Australia, California (USA), Canada and France. These were selected during an initial scoping phase to provide a wide range of perspectives. Each vary in terms of legislative tradition and industrial policy approaches (i.e. contexts generally geared towards free market and competition, such as in the case of California, versus countries with a strong history of championing creative and cultural independence, like in France).

The scope of this study is the screen sector (film and television production) of the Creative Industries.[6] The screen sector was selected as the focus within the Creative Industries due to it being an early adopter of AI technologies within VFX and post-production, as well as a key current testing ground (and therefore source of lessons) for the ethical and productive governance and adoption of AI technologies. Further, developments in AI adoption and governance within screen production have direct ripple effects across the wider Creative Industries value chain that are required in the screen production process. Data and insights from the literature review and consultations can (and do) expand into the wider creative sector, and touch on more fundamental and cross-cutting aspects linked to authorship, intellectual property, rights of creators, as well as data ownership and sovereignty.

6 *DCMS Sector Economic Estimates Methodology: Definitions*. Department for Culture, Media & Sport, December 2022. Accessible at: https://www.gov.uk/government/publications/dcms-sectors-economic-estimates-methodology/dcms-sector-economic-estimates-methodology#definitions

The report opens with context on AI's role in the screen sector, drawing chiefly on the CoSTAR Foresight Lab's *AI in the Screen Sector: Perspectives and Paths Forward* (2025)[7], alongside wider literature, consultations, and SPI's ongoing tracking of AI adoption and governance. The report then outlines policies shaping AI in the screen sector at national and multinational levels. The four case studies follow, each covering the jurisdiction's screen sector, relevant AI policies and initiatives (or their absence), insights from consultations, and jurisdiction-specific takeaways. The report concludes with a comparative analysis of the policy and industry context of four jurisdictions, and a final overarching conclusion.

The study's approach included extensive desk research, which reviewed existing literature and evidence. This was then explored and interrogated further through 24 confidential consultations with key stakeholders across policy, research, training and industry – within the UK, as well as across the four profiled jurisdictions. Consultees were chosen based on their key roles within the development, use and/or governance of AI within each of the four jurisdictions' screen sectors. The primary and secondary research was grounded by a detailed research framework, which specified the study's key search terms, scope and focus. Consultations were confidential and anonymised, so consultees could speak freely on AI's use and adoption within policy and practice. The emerging findings were also tested and developed with the CoSTAR Foresight Lab consortium and UK public policy representatives.

Due to the focus on specific jurisdictions and the significant rate of change, with new initiatives and technological developments introduced during the duration of the study, the study's findings and conclusions do not intend to present a comprehensive analysis of AI legislation across the world, but rather identify perspectives and specificities from selected jurisdictions through which common factors can be identified. Nonetheless, it has been possible to identify some common threads linking them, as well as isolating insights that may be useful for commentators and policymakers in the UK.

7 *AI in the Screen Sector: Perspectives and Paths Forward.* BFI for the CoSTAR Foresight Lab, 2025. Accessible at: https://a.storyblok.com/f/313404/x/ac4c0235f7/ai-in-the-screen-sector.pdf

1. Context: AI Policy and Technology Use in the Screen Sector

1. Context: AI Policy and Technology Use in the Screen Sector

1.1 Use of AI in the Screen Sector

AI has been deployed, in various forms, in parts of the screen sector for decades, especially in VFX and post-production work. However, due to the latest developments in machine learning and the widespread application of generative AI across commercially used tools, AI is becoming increasingly embedded in the wider screen sector value chain, primarily in pre-production (e.g. creative development, writing screenplays (e.g. to support early-stage concept development and ideation)) and post-production (e.g. subtitling, metadata generation, and content classification). A relatively recent, well-known example of AI's use in post-production was to enhance accent authenticity in the award-winning drama, *The Brutalist* (2024).[8]

Assessing comprehensive specifics on AI use in the screen sector, however, is challenging. As outlined in the CoSTAR Foresight Lab's *AI in the Screen Sector: Perspectives and Paths Forward* (2025)[9], AI applications are rarely visible on screen. Ethical, legal, and reputational concerns, especially around final creative outputs, make individuals and organisations cautious both in adopting the technology and in disclosing how they employ it.

What is certain is that today, screen sector companies have access to tools to support each step of the production process, and AI is used for both technical and creative roles. For example, producers may use AI tools to visualise final outputs and ensure buy-in from investors, and post-production companies may use different AI tools to enhance VFX or audio post-production. Similarly, screenwriters may use scriptwriting tools to inspire and generate new stories and dialogues, while line producers may use new AI features in widely used scheduling software to increase efficiency during production and keep budgets under control.[10] AI is embedded as a standard feature in software applications to the point that many screen sector workers may be using it without realising.

8 *The Brutalist and Emilia Perez's voice-cloning controversies make AI the new awards season battleground*. The Guardian, January 2025. Accessible at: https://www.theguardian.com/film/2025/jan/20/the-brutalist-and-emilia-perezs-voice-cloning-controversies-make-ai-the-new-awards-season-battleground

9 *AI in the Screen Sector: Perspectives and Paths Forward*. BFI for the CoSTAR Foresight Lab, June 2025. Accessible at: https://a.storyblok.com/f/313404/x/ac4c0235f7/ai-in-the-screen-sector.pdf

10 *Advanced Machine Learning in Film Production*. Jie Huang and Jac Sanscartier (2025) for CoSTAR Foresight Lab. Accessible at: https://smiling-maple-b00.notion.site/15ee496f0faa806ea9e8eb41c5cccc69?v=15ee496f0faa81a782c6000c883e1140 and *Quel impact de l'IA sur les filières du cinéma, de l'audiovisuel et du jeu vidéo? (What is the impact of AI on the film, audiovisual, and video game sectors?* CNC – Centre national du cinéma et de l'image animée, April 2024. Accessible at: https://www.cnc.fr/documents/36995/2097582/Cartographie+des+usages+IA_rapport+complet.pdf/96532829-747e-b85e-c74b-af313072cab7?t=1712309387891

AI developers are also adapting models for the sector's creative workflows. For example, Microsoft's Muse model addresses gaps identified by game developers, Runway's Gen-4 promises consistency across scenes, and Google's Veo 3 is the first generative video model to produce audio natively.[11] Another progress consists of improved wrappers (i.e. creator-focused interfaces for AI tools). Examples include Invoke, which evolved from an open-source Stable Diffusion interface into a paid creative production platform, and Genario, founded in 2019 by scriptwriter David Defendi and AI engineer Louis Manhès, which began as a novelist's tool and now supports film and television screenwriting with generative AI features.[12]

Screen sector companies are also working towards tailoring AI to production needs, developing their own tools. Netflix holds patents for AI-generated trailers, Ubisoft built a 'Ghostwriter' tool for background dialogue, and Lionsgate partnered with Runway to train models on its own content.[13] Such efforts, alongside initiatives like Google's early filmmaker access to its Flow tool, show how AI is being adapted to fit creative needs.

Digitalised tools, including AI-assisted ones, are also allowing teams active in the film and television sector to merge some of the well-established steps of the traditional value chain. Where once the film and television value chain was traditionally divided into relatively clearly defined steps – starting with pre-production, then moving into production, post-production, distribution, and exhibition – edits can now be made in real-time.

As defined and evidenced in the CoSTAR Foresight Lab's *AI in the Screen Sector: Perspectives and Paths Forward* (2025)[14], current applications of generative AI in the UK can be related to three broad objectives: *driving efficiencies*, *stimulating creativity*, and *opening new possibilities*:

- ***Drive efficiencies*** – Generative AI streamlines time-consuming tasks, such as rotoscoping in VFX. For instance, Revolution Software's *Broken Sword: Reforged* (2024) used generative AI to upscale its 1996 sprites to 4K, handling characters with ample data, and artists refined details manually
- ***Stimulate Creativity*** – Generative AI now acts as an assistant in brainstorming, script development, and character building. It lowers certain financial and technical barriers, potentially enabling wider participation in screen storytelling and has the potential to support emerging voices. In the UK, industry-backed initiatives and new AI-first studios are seeking to embed these tools throughout production pipelines, while some artists are using them to create innovative forms of expression. For instance, UK artist Adam Cole won the 2024 SXSW XR Audience Award for his installation *Kiss/Crash*, which uses AI to merge images of head-on car crashes with scenes of people kissing
- ***Open New Possibilities*** – Generative AI and machine learning are also used to analyse, describe, and enhance content, from automated subtitling and metadata generation. For instance, the BFI National Archive is exploring AI tools (large language models, vision models, and Natural Language Processing) to enhance collection data. Experiments focus on speech-to-text for subtitles, named entity recognition and wikification for enriched search, and video understanding to catalogue and contextualise content. The aim is to improve accessibility, search, and discovery across the Archive's collections.

11 *AI in the Screen Sector: Perspectives and Paths Forward*. BFI for the CoSTAR Foresight Lab, June 2025. Accessible at: https://a.storyblok.com/f/313404/x/ac4c0235f7/ai-in-the-screen-sector.pdf

12 Ibid.

13 Ibid.

14 Ibid.

1.2 Limits, Inequality, and Ethical Issues

These applications of AI tools to the screen sector have generated widespread discussion and debate, both among creatives and technical workers and businesses. While some say that AI applications bring significant gains in terms of both quality and economic sustainability of projects[15], others say that AI applications still have clear limitations. For example, AI tools currently available to creators have a reduced scope for malleability of outputs, and it is hard to influence algorithms from a creative perspective. General-purpose generative AI tools often fall short for production needs and cultural diversity. Image generators produce flat files unsuitable for game development, and filmmakers note inconsistent outputs and cultural biases. Therefore, some call for locally developed, sovereign AI models to better reflect UK standards and cultural diversity – reflected in this report's international case studies.[16]

That said, the development of AI tools and applications is advancing rapidly, and, in time, the quality of AI-assisted outputs will improve. A key challenge is that the lack of skilled professionals limits AI growth in the UK sector, highlighting the need for better systems to support knowledge sharing and workforce upskilling. Moreover, resource inequality means that expertise is uneven and concentrated in larger organisations – such as Netflix or Lionsgate – who are thus able to leverage proprietary data and develop in-house tools, while smaller independents depend on commercial or open-source models that require advanced AI expertise to use effectively.

The key tension arises less from opposition than from the challenge of finding a balance between innovation and protection. Within AI technology and creative sectors, organisations advocate for (TDM) exceptions to enable AI development, while others focus on strengthening and enhancing copyright frameworks to ensure creators are fairly recognised and rewarded. In the UK, debate around AI and copyright has centred on the AI and Copyright Consultation launched by the UK Government (DCMS, DSIT and the IPO), centred upon an opt-out model for copyrighted works. This would mark a major shift from the current framework, which requires a licence from rightsholders unless a specific exception applies.

The use of AI in the screen sector also touches upon other ethical issues, which are widely being discussed by industry and policymakers alike,[17] with job displacement and redefinition key concerns. Performers are particularly troubled about the use of AI, lamenting the potential of these tools to augment and potentially replace their work. In the case of actors and screenwriters, AI was one of the main factors that led to the 2023 Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA) and Writers Guild of America (WGA) strikes, the longest strike against the film and television studios in Hollywood history.[18] AI is already able to carry out certain VFX tasks, as shown by Wonder Dynamics, whose motion capture and animation tool automates replacing human actors with computer-generated characters in live-action scenes.[19]

15 *Netflix's Ted Sarandos Says AI Will Make Movies and TV "Better, Not Just Cheaper"*. The Hollywood Reporter, July 2025. Accessible at: https://www.hollywoodreporter.com/business/business-news/netflixs-ted-sarandos-gen-ai-1236319038/

16 *AI in the Screen Sector: Perspectives and Paths Forward*. BFI for the CoSTAR Foresight Lab, June 2025. Accessible at: https://a.storyblok.com/f/313404/x/ac4c0235f7/ai-in-the-screen-sector.pdf

17 Ibid.

18 *SAG-AFTRA Approves Deal to End Historic Strikes. Variety, November 2023.* Accessible at: https://variety.com/2023/biz/news/sag-aftra-tentative-deal-historic-strike-1235771894/

19 *AI in the Screen Sector: Perspectives and Paths Forward*. BFI for the CoSTAR Foresight Lab, June 2025. Accessible at: https://a.storyblok.com/f/313404/x/ac4c0235f7/ai-in-the-screen-sector.pdf

Critics also highlight the unclear impact these tools have on the environment. Training and running AI models demand significant computational power, leading to high energy use and carbon emissions that conflict with the screen sector's sustainability goals – as explored by the CoSTAR Foresight Lab publication, *Sustainability Impacts of Convergent Technologies in the UK Creative Industries* (2025).[20] Much of this resource consumption is hidden from end users, underscoring the need for greater transparency on energy and water usage, clear industry standards for clean energy adoption, and the development of more efficient models. As a response to calls for greater transparency, in August 2025, Google released data on the resource intensity of each query solved by its Gemini AI apps. According to the data, the median prompt (one that falls in the middle of the range of energy demand) consumes 0.24 watt-hours of electricity, the equivalent of running a standard microwave for about one second.[21]

For sustainability reasons, some screen sector organisations, like Blue Zoo, prefer to run AI models on their own local or cloud infrastructure, as these managed environments allow them to maintain full visibility over energy consumption and the selection of energy providers.[22] Some organisations advocate for AI applications to be regulated with standards akin to those of household appliances, requiring clear disclosure of their environmental impact. Stronger sustainability measures could include greater transparency around energy and water use, stricter governance frameworks, green AI certifications, reliance on clean energy for training, adoption of more efficient models, reuse of pre-trained models for new tasks, and improvements in data centre efficiency.[23]

Data security is another key issue. Depending on the terms and conditions of use, free tools may allow developers to reuse inputs, risking leakage of sensitive data or IP. Proprietary AI models offer maximum security but are costly, while locally run or open-source models provide a more accessible way to control data and reduce exposure. The sector would benefit from targeted funding and technical support to build custom AI workflows, as illustrated by the British Board of Film Classification, which used Innovate UK funding and collaborated with Amazon Web Services to develop a bespoke content-tagging tool.[24]

In short, the screen sector shows strong innovation, collaboration, and openness to responsible AI adoption, particularly in VFX. However, uneven access to skills, resources, and infrastructure, along with fragmented governance, funding limits, and unclear standards, pose major barriers to scaling and adaptation. Governments around the world are responding to these challenges and opportunities based on their unique challenges. This report explores these different policies and governmental approaches internationally and their impacts, with profiles for Australia, California, Canada and France (see section 2).

20 *Sustainability Impacts of Convergent Technologies in the UK Creative Industries*. Arup for the CoSTAR Foresight Lab, April 2025. Accessible at: https://a.storyblok.com/f/313404/x/85a609a8a4/sustainability-impacts-of-convergent-technologies.pdf

21 *How much energy does Google's AI use? We did the math. Measuring the environmental impact of AI inference*. Google, 21st August 2025. Accessible at: https://cloud.google.com/blog/products/infrastructure/measuring-the-environmental-impact-of-ai-inference/

22 *AI in the Screen Sector: Perspectives and Paths Forward*. BFI for the CoSTAR Foresight Lab, June 2025. Accessible at: https://a.storyblok.com/f/313404/x/ac4c0235f7/ai-in-the-screen-sector.pdf

23 Ibid.

24 Ibid.

1.3 Types and Examples of AI Policies Affecting the Screen Sector

The sectoral changes outlined in section 1.2 have meant that a complex and fast-evolving policy landscape is emerging, with governments, regulators, and industry stakeholders grappling with how best to safeguard public interest, while enabling innovation. This has been through, as outlined below, a mixture of top-down mandated governmental legislation, to softer industry guidelines and labour agreements.

Policies Affecting AI Developed at a National Level

At the national level, governments and key stakeholders are discussing and, in some cases, implementing, a range of policies and actions that, directly or indirectly, are affecting the use of AI in the screen sector. Research undertaken for this study indicates that approaches to AI largely reflect distinct legal traditions, political contexts, and cultural priorities.

Shifting from Voluntary Guidelines to Enforceable AI Laws

The most visible policy developments are the emerging legislative frameworks designed to govern AI directly. Currently, there are only a handful of national governments that have successfully managed to implement specific legislation on the use of AI. In most other jurisdictions, progress has been slowed by the difficulty of legally defining AI, intense corporate lobbying, political gridlock, and a strategic choice to observe early adopters before enacting binding regulations.

South Korea's Basic Act on Artificial Intelligence and Creation of a Trust Base, signed into law in January 2025 and due to take effect in January 2026, represents a decisive shift from the country's previous "allow first, regulate later" approach. Now, the legislation imposes rigorous requirements for transparency, accountability and risk management. Organisations within the jurisdiction must label AI-generated content, conduct impact assessments on fundamental rights and establish robust risk management frameworks. Enforcement measures include fines of up to £16,000 (KRW30 million) and potential imprisonment for breaches. The Act marks a significant move towards more rigorous AI regulation in South Korea and urges businesses to reassess their AI practices and governance structures.[25]

By contrast, the USA has yet to adopt federal legislation, though California has moved ahead with its own state-level rules covering deepfakes, training data disclosure, and content transparency (see section 2.3). Meanwhile, the UK has taken a different path, preferring a flexible, sector-specific approach rather than a single AI law, while Australia has relied on consultations and existing statutes such as the Privacy Act 1988 and the Copyright Act (see section 2.1).

Taken together, these examples show that while approaches differ, the global trend is moving away from voluntary principles toward binding obligations around transparency and accountability, reshaping how the screen sector industries adopt AI.

25 *A New Chapter in the Age of AI: Basic Act on AI Passed at the National Assembly's Plenary Session.* Ministry of Science and ICT, 26th December 2025. Accessible at: https://www.msit.go.kr/eng/bbs/view.do?sCode=eng&mId=4&mPid=2&pageIndex=&bbsSeqNo=42&nttSeqNo=1071&searchOpt=ALL&searchTxt=#:~:text=The%20AI%20Basic%20Act%20is,AI%20competitiveness%20(Article%206)

Copyright and Intellectual Property

Alongside dedicated AI legislation, copyright law and intellectual property have become the frontline issue in debates about AI's impact on the sector. In the UK, the government's Copyright and Artificial Intelligence Consultation drew over 11,500 responses, including a formal submission from the CoSTAR Foresight Lab on behalf of the CoSTAR Network, highlighting widespread concerns about dataset use and authorship.[26] In the USA, the Copyright Office has affirmed that works generated without human authorship cannot be protected, while ongoing lawsuits challenge the use of copyrighted content in AI training.

In France, and across EU members, the EU AI Act leaves copyright questions largely unresolved (see section 3.5), prompting national discussions about revising the French Intellectual Property Code to account for AI. EU copyright law grants authors exclusive rights, including reproduction and communication to the public, and two directives are particularly relevant for AI: the InfoSoc Directive (2001/29/EC),[27] which allows temporary reproductions for technical processes, and the DSM Directive (2019/790/EU),[28] which introduces TDM exceptions for research organisations and broader uses unless rights-holders opt out via machine-readable means. The EU AI Act complements this framework by requiring general-purpose AI providers to comply with copyright law, respect the opt-out exception, and publish summaries of training data, with further guidance included in the GPAI Code of Practice published in July 2025.[29] Legal uncertainties remain regarding the scope of TDM exceptions, lawful access requirements, the definition of "machine-readable," and potential infringement when AI outputs closely resemble protected works, making licensing a more reliable but unharmonised solution. Policymakers are monitoring the situation, with discussions ongoing, potential licensing mechanisms under consideration, and a review of the Copyright Directive scheduled for June 2026 to clarify AI training limitations.

In Australia, copyright debates have centred on whether AI-powered tools such as chatbots infringe creative rights, balanced against claims that such tools can also aid lawful content discovery (see section 4.2). In Canada, the performers' union ACTRA has pushed for explicit protections against uncompensated digital substitution (see section 4.4). Across these examples, copyright remains the most contested and unsettled area of AI policy, and one that directly touches the economic model of screen sector worldwide.

26 *CoSTAR Network response to the Copyright and Artificial Intelligence Consultation.* CoSTAR Foresight Lab, March 2025. Accessible at: https://a.storyblok.com/f/313404/x/c034a1c42d/costar-network-consultation-response.pdf

27 *Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society.* European Union. Accessible at: https://eur-lex.europa.eu/eli/dir/2001/29/oj/eng

28 *Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC.* European Union. Accessible at: https://eur-lex.europa.eu/eli/dir/2019/790/oj/eng

29 *The General-Purpose AI Code of Practice. European Commission.* July 2025. Accessible at: https://digital-strategy.ec.europa.eu/en/policies/contents-code-gpai

Incentives, Funding, and Research

AI is also reshaping how governments design economic incentives and funding mechanisms for screen production. In the UK, following extensive industry lobbying, HMRC revised the Audio-Visual Expenditure Credit (AVEC) to explicitly include generative AI costs as eligible expenditure for VFX work.[30] This ensures that productions using AI tools such as automated rotoscoping, colour correction, or motion capture can benefit from the enhanced rate, and avoid putting the UK at a competitive disadvantage. A similar debate is underway in Australia, where consultees for this study noted that the Post, Digital and Visual Effects (PDV) Offset is being reassessed, with industry stakeholders calling for AI-enabled tools to be formally recognised under eligible expenditure. Meanwhile, in France, the National AI Strategy (part of the France 2030 programme) has created multiple funding streams for AI innovation, including projects aimed at audiovisual production and trusted AI demonstrators.[31] Meanwhile, in South Korea, public funding bodies such as KOCCA continue to invest heavily in AI-driven projects and companies (e.g. DATUMO, BRUSH Theatre, BEAM Studio, ShiningLab, Cuz Global, KAI, Minimap, GiiOii Immersive Studio, apoc, Stela, Neutune, and Gaudio Lab), showcasing them at events like SXSW.[32]

Similarly, in November 2024, the Government of Canada launched the Canadian Artificial Intelligence Safety Institute (CAISI)[33] to harness the country's AI research expertise in order to study the risks of advanced AI systems and develop strategies to address them, conducting both applied and investigator-led research as well as government-directed projects.

These cases illustrate how the design of incentives, including research programmes, is becoming a widespread priority, with governments seeking to promote competitiveness while grappling with the disruptive effects of AI on production pipelines.

Data Protection and Privacy

Beyond AI-specific policy and regulation, existing data protection frameworks also have significant implications for the screen sector. The EU's General Data Protection Regulation (GDPR) places strict limits on the collection and reuse of personal data on a national level, including performers' likenesses, voice recordings, or biometric data, all increasingly relevant for AI-driven VFX, dubbing, and personalisation. The UK's Data Protection Act 2018 imposes similar obligations, while in the USA, California's Consumer Privacy Act (CCPA) introduces disclosure requirements for AI-powered decision-making.[34]

As AI tools in the screen sector increasingly handle sensitive personal information, from audience analytics to digital replicas of actors, compliance with data protection laws has become a central operational concern, reinforcing the need to integrate AI governance with privacy protections.

30 *Final Guidance Clarifies UK Enhanced VFX Incentive and Qualifying Costs. Entertainment Partners.* 10th June 2025. Accessible at: https://www.ep.com/blog/what-does-the-uks-enhanced-vfx-rate-mean-for-productions/

31 *Stratégie nationale pour l'intelligence artificielle (National AI Strategy).* France 2030. November 2021. Accessible at: https://www.entreprises.gouv.fr/priorites-et-actions/autonomie-strategique/soutenir-linnovation-dans-les-secteurs-strategiques-de-6#:~:text=Cette%20seconde%20phase%20est%20dot%C3%A9e,demande%20de%20solutions%20en%20IA

32 *KOCCA Brings the Future of Entertainment to SXSW 2025 - AI, XR, and K-Content Innovation Take Center Stage.* 5th March 2025. Accessible at: https://www.prnewswire.com/news-releases/kocca-brings-the-future-of-entertainment-to-sxsw-2025--ai-xr-and-k-content-innovation-take-center-stage-302388316.html

33 Canadian Artificial Intelligence Safety Institute (CAISI). Government of Canada. Accessible at: https://ised-isde.canada.ca/site/ised/en/canadian-artificial-intelligence-safety-institute

34 *CCPA Finalizes AI Regulations for Automated Decision-Making Technology.* CDF Labor Law. 11th August, 2025. Accessible at: http://cdflaborlaw.com/blog/california-finalizes-ai-regulations-for-automated-decision-making-technology

Labour and Industrial Action

Labour organisations have emerged as powerful actors in shaping AI use in the screen sector, particularly in jurisdictions where legislation lags. In the USA, the 2023 strikes by SAG-AFTRA and the WGA halted film and television production for nearly five months and put AI at the centre of negotiations. This ultimately resulted in a landmark agreement requiring studios to obtain consent and provide fair compensation for the use of digital replicas of performers and screenwriters.[35] These provisions are now seen as a model for similar negotiations worldwide. In Canada, for instance, the Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) is similarly advocating for protections against unconsented or uncompensated digital substitution.[36] ACTRA is calling on the federal government to intervene and hold AI system developers and users accountable for complying with existing legal frameworks, including intellectual property, data protection, and privacy laws. Looking ahead, ACTRA also advocates for the Artificial Intelligence and Data Act (AIDA) as a key step toward comprehensive reform of Canada's intellectual property framework, introducing new rights for performers around three pillars: Consent, Compensation, and Control.[37]

Meanwhile, in France, organisations such as Société des Auteurs et Compositeurs Dramatiques (Society of Dramatic Authors and Composers, SACD), Société des Auteurs, Compositeurs et Éditeurs de Musique (Society of Authors, Composers and Music Publishers, SACEM), Société civile des Auteurs Réalisateurs Producteurs (Civil Society of Authors, Directors and Producers, ARP) have lobbied for safeguards against unauthorised AI use. These developments show that, in the absence of comprehensive legislation, collective bargaining and union action are effectively setting the rules of engagement, providing a template for future regulatory frameworks.

Screen Agencies and Policy Engagement

National screen agencies are now playing a formative role in assessing AI implications. In France, Centre National du Cinéma is conducting studies on how AI might affect funding models, production workflows, and talent pipelines,[38] while Screen Australia has issued guiding principles for the use of AI.[39] In the UK, screen agencies have participated in government consultations and contributed to debates on production incentives, while in South Korea, public cultural agencies like KOCCA have actively funded AI-driven content creation across music, film, and gaming.

There is also a wide range of government White Papers and consultations being conducted in countries around the world, asking for industry input to inform national policy development. For example, Australia's *Safe and Responsible AI* discussion paper[40] canvassed a spectrum of regulatory options – from voluntary codes to statutory obligations – and explicitly flagged cultural and creative sectors as vulnerable to

35 *The SAG-AFTRA Strike is Over, But the AI Fight in Hollywood is Just Beginning.* Center for Democracy and Technology, 4th January, 2024. Accessible at: https://cdt.org/insights/the-sag-aftra-strike-is-over-but-the-ai-fight-in-hollywood-is-just-beginning/

36 *Artificial Intelligence Resources.* ACTRA Toronto. Accessible at: https://actratoronto.com/artificial-intelligence-resources/

37 Ibid.

38 *Observatoire de l'intelligence artificielle (Artificial Intelligence Observatory).* CNC. 5th May, 2025. Accessible at: https://www.cnc.fr/professionnels/observatoire-de-lintelligence-artificielle_2390539

39 *Screen Australia releases AI Guiding Principles.* Screen Australia. 5th September, 2024. https://www.screenaustralia.gov.au/sa/screen-news/2024/09-05-ai-guiding-principles

40 *The Australian Government's interim response to safe and responsible AI consultation.* Australian Government Department of Industry, Science and Resources, 17th November 2024. Accessible at: https://www.industry.gov.au/news/australian-governments-interim-response-safe-and-responsible-ai-consultation

displacement. The volume and depth of responses reflect how deeply this issue resonates with creators and industry stakeholders. However, as highlighted by consultees for this study, despite this level of engagement, governments have often been slow to react or translate consultation outcomes into concrete policy, leaving creative sectors in a state of uncertainty.

These interventions reflect a growing recognition that screen policy must evolve alongside technological change, ensuring that the integration of AI into production and distribution does not undermine the rights, livelihoods, and creative integrity of practitioners.

Policies Affecting AI Developed at the Multinational Level

At a multinational level, international agencies and organisations are developing policies and guidelines around AI. Many of these initiatives are motivated by concerns around employment, democratic integrity, and cultural diversity and protection. Depending on the organisation, some of these policies are binding or non-binding.

The UN has established two new bodies to address AI's opportunities and risks: the Global Dialogue on AI Governance, a forum for member states and stakeholders to debate AI issues at the multilateral level, and the International Scientific Panel on AI (ISP-AI), which will provide science-based advice linking research to policy.

The ISP-AI will produce annual reports feeding into the Global Dialogue on AI Governance, with the first session set for July 2026 in Geneva.[41] It will include 40 global experts serving three-year terms. The initiatives aim to provide a coordinated international response to AI, contrasting with fragmented regional approaches. However, experts warn that businesses, including those from the screen sectors, cannot wait for regulations to mature. Studios, distributors, and unions must already implement internal ethical frameworks, consent protocols, and risk management systems to handle AI responsibly, protecting both creative workers and the long-term integrity of audiovisual content.

To that end, older international frameworks can be relevant. For instance, UNESCO's 2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions,[42] dating back to 2005, prior to the contemporary context of widespread AI adoption and generative models, has re-emerged as a vital reference point. In a context where algorithms increasingly determine the visibility of cultural content, the Convention remains relevant for the need to preserve diverse voices and ensure fair access to local, independent, and minority content. In line with the Convention, the Fair Culture Charter is a useful tool that should be used to address concerns regarding the integration of AI in the screen sector.[43]

41 *UN Creates Two Mechanisms for Global Governance of AI*. PYMNTS, 3rd September 2025. Accessible at: https://www.pymnts.com/artificial-intelligence-2/2025/un-creates-two-mechanisms-for-global-governance-of-ai/

42 *2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions*. UNESCO. Accessible at: http://www.unesco.org/en/legal-affairs/convention-protection-and-promotion-diversity-cultural-expressions

43 https://www.fair-culture.org/

In September 2024, the Council of Europe adopted the Framework Convention on Artificial Intelligence, Human Rights, Democracy and the Rule of Law.[44] This is the world's first binding treaty on AI, requiring member states to ensure AI systems uphold rights such as freedom of expression, privacy, and non-discrimination. For the screen sector within member states, this means that AI use in areas like content creation, casting, dubbing, recommendation systems, or synthetic media must be transparent and provide safeguards for creators, performers, and audiences. Individuals must be able to challenge AI-driven decisions that affect their rights, while companies may be required to conduct risk and impact assessments and adopt prevention measures. Authorities also have the power to impose bans or moratoria on harmful AI uses, making compliance especially important for production companies, distributors, and streaming platforms deploying AI technologies. Opened for signature in September 2024, the treaty has not yet been ratified by any country.

Meanwhile, the European Commission has taken pioneering steps with its EU AI Act and the Digital Services Act (DSA). For the screen and media sector, these frameworks set rules for high-risk AI systems, including transparency, accountability, and risk assessments, while providing guidance on intellectual property, content labelling, and fundamental rights. Beyond compliance, the EU is positioning regulation as a driver of trusted AI adoption, where certification and 'compliance-by-design' approaches, like those used in healthcare, mobility, and digital infrastructure, can accelerate innovation, build credibility, and unlock market opportunities. By embedding transparency, auditability, and ethical safeguards from the outset, screen companies can integrate AI responsibly, protect editorial integrity, and demonstrate societal trust, turning regulation from a hurdle into a competitive advantage in content creation, distribution, and consumption.[45]

A key milestone under the EU AI Act was 2nd August 2025, when obligations for providers of general-purpose AI (GPAI) models entered into force for any model placed on the market on or after this date. In preparation, the European Commission and EU AI Office released the Guidelines for GPAI providers and a final General-Purpose AI Code of Practice, formally approved on 1st August 2025.[46] The Guidelines offer an interpretative framework for understanding providers' obligations, while the Code provides specific measures that can be implemented to demonstrate compliance, helping organisations operationalise the requirements and build trust in AI applications.

However, the implementation of these provisions has sparked controversy within Europe's Creative Industries. A coalition representing millions of authors, performers, publishers, producers, and other rights holders and influential bodies criticised the Commission for failing to protect intellectual

44 *Framework Convention on Artificial Intelligence, Human Rights, Democracy and the Rule of Law*. Council of Europe. Accessible at: http://www.coe.int/en/web/artificial-intelligence/the-framework-convention-on-artificial-intelligence

45 *From regulation to innovation: How certification can build trusted AI for a sustainable future.* World Economic Forum. 8th September 2025. Accessible at: https://www.weforum.org/stories/2025/09/certification-can-build-trusted-ai-for-sustainable-future/

46 https://artificialintelligenceact.eu/

property rights effectively, describing the outcome as a "betrayal" of the EU AI Act's original intent.[47] Their concerns centre on Article 53,[48] which states that companies that create general-purpose AI models must keep detailed records of their AI's development and testing, also providing this information to other companies that want to use their AI; while still protecting their IP. Article 53 was designed to facilitate copyright enforcement in the age of generative AI; the coalition argues that feedback from the sectors has largely been ignored, leaving creative works vulnerable to scraping and unauthorised use. While some tech companies like Google have signed the Code in hopes of promoting secure AI deployment in Europe, others, including Meta, have refused, citing legal uncertainties.[49] This tension highlights the ongoing challenge of balancing innovation, market access, and the protection of creative rights in the media and screen sector under Europe's new AI regulatory landscape.

47 *Creative industries slam EU AI Act implementation as 'betrayal'*. Music Business Worldwide. 30th July 2025. Accessible at: https://www.musicbusinessworldwide.com/creative-industries-slam-eu-ai-act-implementation-as-betrayal/

48 Article 53: Obligations for Providers of General-Purpose AI Models. *EU Artificial Intelligence Act*. Accessible at: https://artificialintelligenceact.eu/article/53/

49 Meta refuses to sign the EU's AI code of practice. *VoyAIge Strategy*. 30th July 2025. Accessible at: https://www.voyaigestrategy.com/news/meta-refuses-to-sign-the-eu%E2%80%99s-ai-code-of-practice

2. Case Studies

2. Case Studies

2.1. Introduction

Following the global analysis of the evolving AI policy and regulatory landscape, this section of the study focuses on case studies from four jurisdictions (Australia, California (USA), Canada and France), to illustrate the range of approaches being taken in different territories. The jurisdictions were chosen for their well-founded screen sectors, as well as their distinct perspectives and policy traditions.

Each case study provides context on each chosen jurisdiction's screen sector before reviewing the existing AI policies and initiatives (or lack thereof) relating to the Creative Industries. The key findings from consultations with stakeholders across policy, research, training and industry are then laid out, concluding with the key takeaways for each jurisdiction.

2.2. Australia

Introduction

Australia has an established screen sector with a significant influence on global industry trends. At the time of the publication of this report, Australia has no established set of AI regulations in place; instead, the Government has issued non-binding guidance that stakeholders are encouraged to follow. This case study looks at how the difficulty of defining clear regulations in a rapidly changing technological landscape has led to challenges in ensuring effective collaboration between the private and public sectors. At the same time, the necessity of decisive action was noted during consultations as the country's rich Indigenous cultural heritage, especially that of Aboriginal and Torres Strait Islander peoples, remains at risk of being misrepresented (or indeed, not represented) in emerging AI models.

Context: Australia's Screen Sector

Australia has a vibrant screen sector with a large, world-class service industry. Supported by three complementary national incentive programmes (the Producer Offset, the Post, Digital & Visual Effects (PDV) Offset and the Location Offset), with additional State & Territory location incentives available, Australia is a favourable destination for major international productions and smaller, independent films alike, in addition to its own dynamic domestic industry.

The Australian screen sector employed approximately 55,000 people and contributed over £2.97 billion (AU$6 billion) to the Australian economy in 2021/22[50], making it the largest creative contributor in that year. Australian digital and VFX companies have also built a global reputation through their work on productions such as *Kingdom of the Planet of the Apes* (2024), *Mufasa: The Lion King* (2024), *Snow White* (2024), *The Fall Guy* (2024), *Mickey 17* (2025) and *Yellowjackets* (Season 3, 2025). In 2024, three Australian productions – *Furiosa: A Mad Max Saga* (2024), *Withered Blossoms* (2024) and *The Surfer* (2025) – were selected for the 77th Cannes Film Festival. In 2025, Australia was also nominated for Best Animated Feature at the 97th Academy Awards for *Memoir of a Snail* (2025),[51] a testament to the high quality of Australian film professionals and the country's screen sector.

To support Indigenous storytelling, key industry organisations such as Screen Australia and Reconciliation Australia provide significant funding support to Aboriginal and Torres Strait Islander filmmakers and creatives.[52] The establishment of the National Indigenous Television (NITV), owned and operated by Indigenous Australians, also greatly improved the representation of Indigenous Australians on screen. [53] Since 2010, notable works by and about Aboriginal and Torres Strait Islander peoples have been shot and premiered in Australian and global theatres. Examples include fantasy-drama *The New Boy* (2023), Indigenous filmmaker Ivan Sen's popular thriller *Mystery Road* (2013) and its sequel, *Goldstone* (2016); as well as its later remake into a multi-season television series *Mystery Road* (2018–2020), with a spin-off prequel of its own, *Mystery Road: Origin* (2022).

50 *Australian Bureau of Statistics 2021/2022 sector report*. Screen Australia, 2023. Accessible at: https://www.screenaustralia.gov.au/sa/media-centre/news/2023/06-22-abs-survey-results#:~:text=The%20Australian%20screen%20industry%20employed,it%20the%20largest%20creative%20contributor

51 *Celebrating Australian Talent at the 97th Academy Awards*. Ausfilm, 2025. Accessible at: https://www.ausfilm.com.au/news/australian-oscar-nominees-2025/

52 *First Nations – Opportunities for First Nations storytellers*. Screen Australia. Accessible at: https://www.screenaustralia.gov.au/funding-and-support/first-nations

53 *Indigenous Filmmaking: A Short History*. National Film and Sound Archive of Australia, originally published 2011, updated 2023. Accessible at: https://www.nfsa.gov.au/latest/short-history-Indigenous-filmmaking

Current Policy Concerning AI and the Creative Industries

Australia currently has no specific laws or legislation for AI use in the Creative Industries, nor for AI more broadly. Instead, Australia currently regulates the use (and misuse) of AI technology through other laws, such as the Online Safety Act, Australian Consumer Law, the Privacy Act 1988,[54] and the Corporations Act 2001,[55] in addition to intellectual property laws and anti-discrimination laws. As the technology evolves, so do the laws: an October 2025 statement by Australia's Attorney General ruled out a data mining exception to copyright laws,[56] effectively barring technology companies from using creative works to train their Large Language Models (LLM). The country is now expected to begin a review of its existing copyright framework. Stakeholders, ranging from creative rights associations to media companies, have welcomed the decision.

Australia has also issued non-binding guidelines and policy documents to guide AI development and usage, focusing on ethical considerations and responsible AI deployment. The AI Ethics Principles[57] are designed to ensure AI is "safe, secure and reliable" by achieving secure and reliable outcomes for all Australians. The principles aim to reduce negative impacts, such as the unfair use of data or the perpetuation of societal injustices, and to ensure that AI models are safe, fair, pluralistic, and human-centred in their approach. They also promote transparency and safety in the use of data, helping businesses and governments uphold the highest ethical standards when designing, developing, and implementing AI.

By implementing the AI Ethics Principles, as well as the Voluntary AI Safety Standard[58](which seeks to address similar issues), businesses can begin to develop practices needed for future AI-regulatory environments. While these are currently voluntary, regulatory trends suggest certain principles may become mandatory in the case of organisations using high-risk AI. There have also been several government inquiries to gather recommendations from industry stakeholders about the risks and best practices of AI.[59] [60]

As there have been no screen sector-specific AI regulations to date, sector representatives and industry bodies have instead submitted position papers and written responses to broader government consultations on AI use. One such example is Creative Australia's 2024 submission to the Department of Industry, Science and Resources' proposals paper,[61] containing recommendations for the industry on developing AI models. The Department's paper proposes introducing mandatory guardrails for AI in high-risk settings. In response, the focus of Creative Australia's recommendations is to ensure that policies and guidance for ethical AI cover high-risk settings that may have an adverse effect on culture and creativity, and to ensure that guardrails are enforceable in a global context. In its submission,

54 *Privacy Act 1988*. Australian Government. Accessible at: https://www.oaic.gov.au/privacy/privacy-legislation/the-privacy-act

55 *Corporations Act 2001*. Australian Government. Accessible at: https://www.legislation.gov.au/C2004A00818/latest/text

56 *Questions without notice, Artificial Intelligence*. Attorney-General's Portfolio, 2025. Accessible at: https://ministers.ag.gov.au/media-centre/transcripts/questions-without-notice-artificial-intelligence-27-10-2025

57 *Australia's AI Ethics Principles*. Australian Government. Accessible at: https://www.industry.gov.au/publications/australias-artificial-intelligence-ethics-principles/australias-ai-ethics-principles

58 *Voluntary AI Safety Standard*. Department of Industry, Science and Resources, Australian Government, 2024. Accessible at: https://www.industry.gov.au/publications/voluntary-ai-safety-standard

59 *Select Committee on Adopting Artificial Intelligence (AI)*. Parliament of Australia, November 2024. Accessible at: https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Adopting_Artificial_Intelligence_AI/AdoptingAI

60 *Report 510: Inquiry into the use and governance of artificial intelligence systems by public sector entities - 'Proceed with Caution'*. Parliament of Australia, February 2025. Accessible at: https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/PublicsectoruseofAI/Report

61 *Introducing mandatory guardrails for AI in high-risk settings*. Creative Australia, 2024. Accessible at: https://creative.gov.au/sites/creative-australia/files/documents/2025-03/Creative-Australia-submission_AI-Mandatory-Guardrails.pdf

Creative Australia states it would support the development of an AI-specific Act, while also calling for consultations to investigate whether generative AI applications that allow the creation of First Nations-like cultural expressions should be investigated or banned. These positions and principles can be reasonably expected to govern future legislation of AI in the screen sector.

Discussions around the establishment of licensing models are underway: a 2025 report by CREATe UK[62] noted that since mid-2024, the number of known commercial agreements globally has accelerated. However, the report goes on to note that it remains unclear how money from these licenses might reach primary creators. Following the Attorney General's October 2025 statement,[63] the Australian's government's copyright and AI reference group was convened to discuss the establishment of a new licensing framework that could replace the existing voluntary regime.

In order to better protect Indigenous cultures, special legislative protective measures have been in place since the 1980s. A key piece of such special legislation is the Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (ATSIHP Act),[64] which enables the Australian Government to protect cultural heritage under threat, if state or territory laws have failed to protect it. The ATSIHP Act allows the government to make special orders (declarations) to protect traditional areas and objects of significance to Aboriginal and Torres Strait Islander peoples from threats of injury or desecration.[65] As Australia continues to reflect on its political history and relationship with First Nations peoples, the screen sector plays a key role in bringing marginal stories to a wider audience. Australia has supported such works through a mixture of funding programmes, Indigenous film festivals, as well as continued investment in its film archive.

With AI's continued development, its use on screen will likely mean an eventual breach of laws protecting the traditional symbols of Aboriginal and Torres Strait Islander peoples.

To combat what one consultee termed "cultural erasure", the Australian government and screen sector professionals have taken a proactive approach in highlighting the importance of protecting the particularities of Australian culture and the Indigenous heritage. Targeted funding opportunities focused on the Creative Industries and AI support this approach. For example, the Explainable Artificial Creativity project,[66] launched in 2022 and running until 2026, is funded by the Australian Research Council's Discovery Projects scheme. With a current funding of £214,000 (AU$431,509), the project aims to develop explainable models for creative AI systems, enabling more productive interactions between them and their human co-creators.

62 *The AI licensing economy*. CREATe UK, 2025. Accessible at: https://www.create.ac.uk/blog/2025/02/24/the-ai-licensing-economy/

63 *Questions without notice, Artificial Intelligence*. Attorney-General's Portfolio, 2025. Accessible at: https://ministers.ag.gov.au/media-centre/transcripts/questions-without-notice-artificial-intelligence-27-10-2025

64 *Aboriginal and Torres Strait Islander Heritage Protection Act 1984*. Government of Australia. Accessible at: https://www.legislation.gov.au/Details/C2016C00937

65 *Indigenous Cultural Heritage Laws.* Department of Climate Change, Energy, Environment and Water. Australian Government. Accessible at: https://www.dcceew.gov.au/parks-heritage/heritage/laws/Indigenous

66 *Explainable Artificial Creativity Grant.* Australian Research Council, 2022-2026. Accessible at: https://dataportal.arc.gov.au/NCGP/Web/Grant/Grant/DP220101223

Additional Insights from Consultations

The consultees noted that Australia, as an English-speaking country, has low barriers to adopting AI tools and innovations from pioneering US-based labs or companies. This can be advantageous, with Australian data scientists and filmmakers able to easily access cutting-edge AI tools and LLMs without linguistic barriers. However, consultees have also expressed concerns that unmitigated adoption of these tools and models risks creating a situation where models do not account for the rich, contested and nuanced cultural heritage of Australia.

Consultees noted that these LLMs, when adopted without modifications from the US market, risk underplaying the cultural uniqueness and Indigenous heritage and struggle of the country by not being able to provide the nuance that is required for meaningful cultural preservation, conservation and representation.

Consultees shared that one way to conduct discussions around fair use of data and artists' rights is to focus on the protection of copyright instead of loosening regulation in the name of innovation. Treating copyright as a tool to protect and drive progress will enable innovation by giving technology companies a framework to use creative content fairly.

In addition to the challenges around ensuring LLMs "speak Australian", consultees noted the delayed response from the Australian government and public sector stakeholders in regulatory initiatives when it comes to AI. While there is increasingly more attention paid to the effect of AI on the Creative Industries, the Australian government has not yet held any large-scale consultations to assess current sector needs. Consultees said that such engagement from the government would be necessary to overcome policymakers' tendencies to conceptualise the screen sector in terms of traditional models. For example, consultees stated that current policymaking is focused on the protection of intellectual property or the promotion of physical production, instead of translating technological developments into the regulatory landscape. Consultees added that policymakers and governments are more focused on maintaining the current production model using actors and soundstages, rather than recognising the sector's evolution into a software-driven one reliant on data centres, digital infrastructure, and software engineering.

Further, consultees noted that engagement with AI by the Australian government to date has been concentrated primarily within the defence sector. Outside of defence, a light-touch approach has been adopted, with AI integration limited to select administrative and educational applications, such as English language training. Therefore, consultees agreed it would be necessary to broaden the scope of government engagement beyond defence, so that sufficient knowledge of other sectors is available when it becomes necessary to regulate them.

Key Takeaways

Australia's unique position carries both benefit and risk: by virtue of being a majority English-speaking country, Australia is well-placed to be an early adopter of innovation from US-based and global technology hubs.

Indigenous peoples in Australia are the world's oldest continuous civilisation, and their artistic heritage constitutes a unique form of intellectual property with special legislative protections and cultural significance. Consultees noted the importance of special laws, such as the ATSIHP Act, in protecting Indigenous heritage. However, the risk of cultural erasure remains, with continued effort necessary to safeguard and represent the nuances of Australian culture as well as the cultural intricacies of the various communities living in the country - especially in the case of Aboriginal and Torres Strait Islander peoples'. The Government's approach to protecting this has made the country a leading voice in the debate surrounding bias in LLMs and generative AI models in general.

Consultees also underlined the need for government and the private sector to work together to develop domestic models attuned to the cultural uniqueness of Australia – including, but not limited to, the cultural heritage of its Aboriginal and Torres Strait Islander peoples.

2.3. California

Introduction

California, and the USA more widely, is a global leader in both the screen and tech sectors. California is home to some of the biggest screen and AI companies, with the USA standing apart from many others for its high level of free market competition. Since 2024, California has introduced several laws relating to AI and is continuing to develop AI policy. This case study looks at how these laws could set a precedent for California and other jurisdictions, including the UK, to approach the regulation of AI for the screen sector and beyond. It also considers the outcomes of ongoing legal cases related to AI, such as a landmark lawsuit by Disney and Universal against AI company Midjourney.

Context: California's Screen Sector

California has historically been a global hub for the screen production industry, accounting for 35% of USA employment in film, television and sound in 2024.[67] The state is home to all the major legacy film studios, including Universal Pictures, Paramount, Warner Bros, Walt Disney Studios and Sony Pictures, as well as streamer production studios, including Netflix and Amazon MGM Studios. The state's film and television industry supports over 700,000 jobs, with nearly £51.68 billion (US$70 billion) in wages for in-state workers.[68]

More recently, California's screen sector has faced stagnating growth in recent years due to a series of industry shocks and challenges. These include the production shutdowns during the COVID-19 pandemic in 2020, the Writers Guild of America and SAG-AFTRA strikes in 2023, and an investment retrenchment and reallocation from major studios as they refocused on profitability and production markets outside of California. In addition, localised crises – such as the January 2025 wildfires that disrupted key areas of Los Angeles - have further strained the sector.[69]

The rising importance of production incentives has also affected the California screen sector, with productions finding emerging and mature locations all over the world more attractive due to the positive impact on budget savings. At the same time, the cost of production has increased significantly, causing producers to look at other US states with competitive offers, such as Georgia and New Mexico. All these challenges have resulted in a marked decline in production activity.[70]Recent productions that have chosen to film in California, despite the aforementioned challenges, include Apple TV+'s *The Studio* (2025-present) and *Presumed Innocent* (2025), and the CBC series *NCIS: Origins* (2025-present).

In recent months, California Governor Gavin Newsom has also sought to re-ignite the screen sector through its tax incentive programme. In July 2025, he announced the newly expanded Film and Television Tax Credit Program, doubling its annual funding from £243 million (US$330 million) to £552 million (US$750 million).[71] Since then, a slate of productions accessing the credit has been announced, which are estimated to generate £808.9 million (US$1.1 billion) in economic activity and employ 6,500 cast and crew across the state.[72]

67 *Otis College Update on the Creative Economy*. Otis College, 27th March 2025. Accessible at: https://www.otis.edu/about/initiatives/documents/25-063-CreativeEconomy_Report4_250325.pdf

68 *Governor Newsom to unveil major proposal to bolster California's film and TV industry.* Government of California, 25th October 2025. Accessible at: https://www.gov.ca.gov/2024/10/25/sunday-governor-newsom-to-unveil-major-proposal-to-bolster-californias-film-and-tv-industry/

69 *It's a gut punch': How the California wildfires affected film and TV workers.* The Guardian, 8th February 2025. Accessible at: https://www.theguardian.com/culture/2025/feb/08/california-wildfires-tv-and-film-workers

70 *L.A. on location filming falls in first quarter.* Film LA, 14th April 2025. Accessible at: https://filmla.com/la-on-location-filming-falls-in-first-quarter/

71 *Governor Newsom marks historic expansion of California's Film and Television Tax Credit Program, announces 16 new projects to film in the Golden State.* Governor Gavin Newsome, 2nd July 2025. Accessible at: https://www.gov.ca.gov/2025/07/02/governor-newsom-marks-historic-expansion-of-californias-film-and-television-tax-credit-program-announces-16-new-projects-to-film-in-the-golden-state/

72 *Nearly two-dozen TV projects to bring in $1.1 billion to California's economy, thanks to the Governor's newly expanded Film and Television Tax Credit Program.* California Business and Economic Development, 27th August 2025. Accessible at: https://business.ca.gov/nearly-two-dozen-tv-projects-to-bring-in-1-1-billion-to-californias-economy-thanks-to-the-governors-newly-expanded-film-and-television-tax-credit-program/

Current Policy Concerning AI and the Screen Sector

The 2023 WGA and SAG-AFTRA strikes across the USA were the most prevalent screen sector union action in recent years, bringing the Californian screen sector to a standstill, with repercussions felt worldwide – especially in the UK, which is a key filming location and post-production hub for USA projects. USA production spend loss has been estimated at £3.7 billion (US$5 billion).[73]

AI had a central role in the dispute, with writers and actors demanding that protections be implemented to avoid their members being exploited and replaced by technology. This movement highlighted the need for appropriate legislation to address uncertainties in the screen sector and to create greater transparency in the face of the increasing adoption of AI.

One of the major negotiation points of the WGA strike in 2023 was to impose restrictions on the use of AI in the writing process to ensure that human writers were not replaced. In the ratified contract, it was agreed that AI would not be permitted to write or rewrite literary material and that AI-generated material could not be considered source material. Under the agreement, writers cannot be forced to use AI in their services, and companies are required to disclose if any materials given to the writer contain AI-generated material.

In addition, the deal included a term giving the WGA the right to assert the prohibition of writers' works being exploited to train AI models.[74] In March 2025, over 400 Hollywood creatives signed an open letter urging the government not to loosen restrictions in response to a request by OpenAI and Google for USA copyright law to allow AI companies to train their systems on copyrighted works without permission.[75]

Although there is currently no binding legislation to regulate AI in California or the US, some federal guidance has been released regarding issues such as copyright. In May 2025, the United States Copyright Office (USCO) released a non-binding report stating that the use of copyrighted works in training AI models would generally be considered infringement, particularly where the end product created by the AI bears substantial similarities to the copyrighted inputs.[76]

The USCO report emphasises that there may be some exceptions that can be justified by fair use, but where this is not the case, the USCO suggests that the voluntary licensing market should develop further to address this; the report maintains that minimal government intervention is required to address these issues. This is an important consideration for the screen sector, as rights holders not only risk having their intellectual property used without being paid for their work, but also face the threat of AI-generated works competing with their existing IP.

73 *Striking Hollywood writers reach tentative deal with studios.* Reuters, 25th September 2025. Accessible at: https://www.reuters.com/world/us/writers-reach-tentative-labor-agreement-with-hollywood-studios-2023-09-25/

74 *Summary of the 2023 WGA MBA*. WGA Contract 2023. Accessible at: https://www.wgacontract2023.org/the-campaign/summary-of-the-2023-wga-mba

75 *Hundreds of actors and Hollywood insiders sign open letter urging government not to loosen copyright laws for AI*. CBS News, 17th March 2025. Accessible at: https://www.cbsnews.com/news/actors-artificial-intelligence-ai-hollywood-copyright-regulation/

76 *Copyright and Artificial Intelligence Part 3: Generative AI Training pre-publication version.* United States Copyright Office, May 2025. Accessible at: https://www.copyright.gov/ai/Copyright-and-Artificial-Intelligence-Part-3-Generative-AI-Training-Report-Pre-Publication-Version.pdf

In July 2025, the current US administration (2025-2029) released *America's AI Action Plan*,[77] a non-binding policy document building on President Trump's Removing Barriers to American Leadership in Artificial Intelligence executive order signed in January 2025.[78] The recommendations cover three key pillars: rolling back regulation to accelerate innovation, building American AI infrastructure, and leading in international AI diplomacy and security. Compared to policies set out by the previous presidential administration (2021-2025), the current policy puts less emphasis on risk mitigation with the aim of promoting rapid, uninhibited innovation and development.

America's AI Action Plan has been criticised in an open letter signed by over 100 labour, environmental, civil rights and academic groups, who say that the plans favour the major technology and oil monopolies to the detriment of citizens.[79] The Department of Commerce also renamed the AI Safety Institute to the Center for AI Standards and Innovation (CAISI), signalling a shift in priority from general safety to global security and competitiveness.[80]

For reference, while the current presidential administration's plans seek to loosen guardrails, it does not pre-empt state-level legislation. Current examples include:

- Colorado's Concerning Consumer Protections in Interactions with Artificial Intelligence Systems Act requires any AI system involved in consequential decision making (for example, healthcare, employment, or financial services) to safeguard against algorithmic discrimination based on protected characteristics; this will come into effect in 2026. This was the first comprehensive state law to regulate the development and use of AI systems; New York, New Mexico and Massachusetts plan to follow suit with similar bills

- Utah's Artificial Intelligence Policy Act requires individuals and organisations to disclose the use of AI in consumer communications, came into effect in 2024
- In June 2025, Texas introduced the Texas Responsible Governance AI Act, effective from 2026, which is like the Colorado bill regarding AI system use in consequential decision making, but with reduced compliance obligations for both the private sector and government.[81]

Several AI-related laws were introduced in California in 2024, taking effect from January 2025; given California's importance for both the screen and technology industries, this is a significant move toward establishing greater clarity and standards around AI use:

- *Assembly Bill 2885* established a standard definition of AI, defining it as "an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments"[82]

77 *America's AI Action Plan*. The White House, 23rd July 2025. Accessible at: https://www.whitehouse.gov/wp-content/uploads/2025/07/Americas-AI-Action-Plan.pdf

78 *Removing Barriers to American Leadership in Artificial Intelligence*. The White House. 23rd January 2025. Accessible at: https://www.whitehouse.gov/presidential-actions/2025/01/removing-barriers-to-american-leadership-in-artificial-intelligence/

79 *People's AI Action Plan*. 22nd July 2025. Accessible at: https://peoplesaiaction.com/

80 *US removes 'safety' from AI Safety Institute*. The Verge, 4th June 2025. Accessible at: https://www.theverge.com/ai-artificial-intelligence/679852/trump-ai-safety-institute-name-mission-change

81 *AI Watch Global Regulatory Tracker – United States*. White & Case, 21st July 2025. Accessible at: https://www.whitecase.com/insight-our-thinking/ai-watch-global-regulatory-tracker-united-states

82 *AB 2885: Artificial intelligence*. Calmatters, 28th September 2024. Accessible at: https://calmatters.digitaldemocracy.org/bills/ca_202320240ab2885

- The *California AI Transparency Act (SB 942)*[83] requires all AI systems with over one million monthly users in California to disclose AI-generated or AI-modified content
- The *Generative AI Training Data Transparency Act (AB 2013)*[84] requires generative AI developers to publish information about their training datasets
- The *Digital Replica Act (AB 1836)*[85] mandates that AI users must obtain consent from the estate of a deceased celebrity to create AI-generated replicas of their likeness or voice in audiovisual works and sound recordings, and grants beneficiaries of deceased celebrities the right to seek damages if consent has not been given
- The *Protecting Use of Digital Replicas Bill (AB 2602)*[86] protects individuals from the unauthorised use of their digital replicas in personal or professional service contracts.

These laws also have critical implications for the wider Creative Industries, particularly live action and voice actors, as it ensures that individuals have control over their own image and must be appropriately consulted and compensated for their use.

Several laws have also been proposed but not passed:

- In 2024, California Governor Gavin Newsom vetoed the *Safe and Secure Innovation for Frontier Artificial Intelligence Models Act* (SB 1047) would have required AI model developers to put in place safeguards to prevent any catastrophic harm. The reason cited for vetoing this bill was that it was "not informed by an empirical trajectory analysis of AI systems and capabilities" and therefore could restrict innovation while not effectively protecting the public from real threats.[87]
- The *AI Copyright Transparency Act (AB 412)*[88] was sponsored by SAG-AFTRA, the Concept Art Association and the National Association of Voice Actors, and required AI developers to disclose copyrighted works used in the training of their models; this has been delayed amid criticism that it would do harm to smaller AI startups.[89]

Beyond these bills, there are some recent and ongoing AI-related legal disputes in California that could provide additional guidance and best practices around the use of AI, particularly relating to copyright, which will directly impact on rights-holding filmmakers in California. In 2023, the US District Court ruled that human authorship is a fundamental requirement for a valid copyright claim and works

83 *SB 942: California AI Transparency Act.* Calmatters, 19th September 2024. Accessible at: https://calmatters.digitaldemocracy.org/bills/ca_202320240sb942

84 *IB 2013: Generative artificial intelligence: training data transparency.* Calmatters, 28th September 2024. Accessible at: https://calmatters.digitaldemocracy.org/bills/ca_202320240ab2013

85 *AB 1836: Use of likeness: digital replica. Calmatters, 17th September 2024.* Accessible at: https://calmatters.digitaldemocracy.org/bills/ca_202320240ab1836

86 *AB 2602: Contracts against public policy: personal or professional services: digital replicas.* Calmatters, 17th September 2024. Accessible at: https://calmatters.digitaldemocracy.org/bills/ca_202320240ab2602

87 *SB 1047 Veto Message.* Gavin Newsom, 29th September 2024. Accessible at: https://www.gov.ca.gov/wp-content/uploads/2024/09/SB-1047-Veto-Message.pdf

88 *SAG-AFTRA sponsors A.I. Transparency Bill.* SAG-AFTRA, 24th March 2025. Accessible at: https://www.sagaftra.org/sag-aftra-sponsors-ai-transparency-bill

89 *California A.B. 412 stalls out* – A win for innovation and fair use. Electric Frontier Foundation, 18th July 2025. Accessible at: https://www.eff.org/deeplinks/2025/07/california-ab-412-stalls-out-win-innovation-and-fair-use

that do not involve human creation are not eligible for copyright.[90] One ongoing landmark case is a copyright infringement lawsuit filed by Disney and Universal against Midjourney in June 2025.[91] Disney and Universal have claimed that Midjourney unlawfully used characters copyrighted by the two companies to train their AI image generator. The lawsuit argues that Midjourney is profiting from pirated creative labour without appropriate compensation. Despite the ongoing legal dispute, in the same month, Midjourney released the first version of its video model, which the lawsuit pre-emptively flagged as a tool for even further copyright infringement.

Midjourney has sued by another major studio, Warner Bros., for the alleged theft of the studio's intellectual property.[92]

Another major copyright case which, while not directly related to the screen sector, could set a precedent for similar cases, is the Anthropic lawsuit, where authors claimed that AI company Anthropic breached copyright law by using books to train their LLM.[93] A federal judge ruled that Anthropic made fair use of the books, as the LLM did not aim to replicate or replace the original works. The judge compared the case to an aspiring human writer taking inspiration from existing works to create something original. However, in September 2025, Anthropic agreed to a £1.2 billion (US$1.5 billion) settlement for the authors, and to destroy the copyrighted datasets used in their model, making it the largest reported copyright recovery in history.[94] This could pave the way to a series of copyright claims from creators against AI companies, not only for authors but also for screenwriters.

In September 2024, California-based Lionsgate Studios entered into a groundbreaking partnership with AI company Runway, giving access to its catalogue to train a new model that the studio could use as a filmmaking tool.[95] Another recent example is Asteria, the AI-enabled film studio, which has released the industry's first AI model trained on ethically sourced data,[96] which is licensed from the IP owners.[97]

90 *District Court affirms human authorship requirement for the copyrightability of autonomously generated AI works.* Skadden, Arps, Slate, Meagher & Flom LLP and Affiliates, 28th August 2023. Accessible at: https://www.skadden.com/-/media/files/publications/2023/08/district-court-affirms-human-authorship-requirement/districtcourtaffirmshumanauthorshiprequirementforthecopyrightabilityofautonomouslygeneratedaiworks.pdf?rev=0f79f2bf88c343e6b771686caf8ef6e8

91 *Disney and Universal sue A.I. firm for copyright infringement.* The New York Times. 11th June 2025. Accessible at: https://www.nytimes.com/2025/06/11/business/media/disney-universal-midjourney-ai.html

92 *Warner Bros. Discovery sues Midjourney in latest copyright lawsuit over use of studio content in AI.* Deadline, 4th September 2025. Accessible at: https://deadline.com/2025/09/ai-lawsuit-warner-bros-midjourney-1236508020/

93 *Anthropic wins key AI copyright case, but remains on the hook for using pirated books.* CBS News, 26th June 2025. Accessible at: https://www.cbsnews.com/news/anthropic-ai-copyright-case-claude/

94 *Anthropic agrees to pay record $1.5 billion to settle authors' AI lawsuit:* "Largest publicly reported copyright recovery in history". Deadline, 5th September 2025. Accessible at: https://deadline.com/2025/09/anthropic-ai-lawsuit-settlement-1-5-billion-1236509423/

95 *Runway partners with Lionsgate.* Runway, 18th September 2025. Accessible at: https://runwayml.com/news/runway-partners-with-lionsgate

96 *Asteria and Moonvalley release Marey, a clean, production-grade AI video model.* Forbes, 8th July 2025. Accessible at: https://www.forbes.com/sites/charliefink/2025/07/08/asteria-and-moonvalley-release-marey-a-clean-production-grade-ai-video-model/

97 *This new AI tool wants to work with filmmakers - not replace them.* TIME, 8th July 2025. Accessible at: https://time.com/7300636/ai-hollywood-moonvalley-marey/

Additional Insights from Consultations

Many consultees – based in California and internationally – perceive the California State government's approach to AI as more informed and proactive than in other jurisdictions. There has also been high engagement within the Creative Industries with AI policy. Consultees noted that the California AI legislative environment has been less protectionist than other jurisdictions, with a focus on trying to enable innovation rather than restrict it. However, this approach comes with some backlash from those working in the Creative Industries, who are concerned about the potential risks and threats of AI to the industry.

While California's policies continue to develop, consultees reported that there is an ethical AI market emerging to address issues of data scraping and copyright infringement. California-based companies such as Calliope Networks (now part of AI training data platform Protege) work with media companies to create a catalogue of content that AI companies can license to train their models, allowing creators to monetise their work.[98]

Key Takeaways

California remains a global centre for screen production, though its sector has faced turbulence in recent years due to industrial action, natural disasters, shifting investment priorities, and international competition. To counter this decline, the state government has doubled the value of its film and television tax credit to re-establish competitiveness. Yet the deeper challenge lies in balancing the high costs of production with global trends that favour jurisdictions offering more generous incentives. Within this context, the growth of AI has emerged as both an opportunity and a threat for a workforce and industry already under pressure.

The 2023 WGA and SAG-AFTRA strikes placed AI at the forefront of industry debate, making clear that the rapid uptake of generative technologies posed direct risks to writers and actors. Contract negotiations resulted in concrete protections against replacement by AI, disclosure obligations, and limits on the use of members' work in training datasets. These victories were celebrated within the creative community, but they also underscored the absence of federal legislation to regulate the use of AI in the sector. Recent guidance from the US Copyright Office has affirmed that training on copyrighted works generally constitutes infringement, while the current federal government's *AI Action Plan* has been criticised for prioritising innovation and competitiveness over meaningful safeguards. For sector stakeholders, this divergence between policy ambition and protection highlights ongoing uncertainty.

California has attempted to fill the gap with a package of state-level legislation addressing transparency, training data, and protections for digital likeness. These measures are widely seen as more responsive than federal initiatives and demonstrate strong engagement between policymakers and the screen sector – and wider Creative Industries. Nevertheless, consultees expressed concern that the state's relatively permissive stance risks privileging innovation over protection, potentially leaving creators exposed. At the same time, new ventures in "ethical AI" are emerging, with companies developing licensed data markets to allow rights holders to monetise their content while avoiding unauthorised exploitation. For consultees, this represents a hopeful sign that commercial and Creative Interests may be better aligned in the future, provided regulation keeps pace with technological change.

98 *Protege acquires Calliope Networks, unlocking premium video data for AI training.* PR Newswire, 18th December 2024. Accessible at: https://www.prnewswire.com/news-releases/protege-acquires-calliope-networks-unlocking-premium-video-data-for-ai-training-302335162.html

2.4. Canada

Introduction

Canada's screen sector is a well-established and critical economic driver, producing large-scale domestic and international feature films and television projects.

Canada has also been at the forefront of AI development, producing AI pioneers Yoshua Bengio, Richard Sutton and Geoffrey Hinton, whose neural network research laid the foundation for current AI systems, such as ChatGPT.[99] In 2017, Canada was also the first in the world to introduce a national AI strategy.[100]

Although Canada can be considered advanced in AI from a technological perspective, the legislation has not kept pace, with no AI laws yet successfully established. This has several implications for the screen sector, as well as for the Creative Industries more widely.

This case study focuses on how the lack of a formal policy on AI poses a risk to the rights of creators and creates uncertainty across industries, especially in the screen sector.

99 *Artificial intelligence was made in Canada. How can we be world leaders once again?* The Hub, 14th February 2025. Accessible at: https://thehub.ca/2025/02/14/artificial-intelligence-was-made-in-canada-so-why-arent-we-leading-the-ai-race/

100 *Pan-Canadian Artificial Intelligence Strategy.* Government of Canada, 3rd December 2024. Accessible at: https://ised-isde.canada.ca/site/ai-strategy/en

Context: Canada's Screen Sector

In 2024, film and television production contributed £5.95 billion (CA$11.04 billion) to Canada's GDP.[101] While significant, this was a notable decrease (of 18.5%) compared to the previous year.

There was a similar decline in employment, with film and television production in Canada generating employment for 179,130 Canadians in 2023/24 (including direct and spin-off impacts), a decline of 22.2% compared to 2022/23.

These declines are the direct result of the 2023 WGA and SAG-AFTRA strikes pausing production in the USA (as explored in section 4.2). International investment in screen production is an important feature of the Canadian screen sector, with over half of total film and television production investment coming from global studios and streamers (£4.09 billion (CA$7.58 billion) in 2024).[102]

Despite these recent declines, Canada remains a key screen sector and filming location. A well-established infrastructure, competitive production incentives, professional and experienced crews, varied locations and expertise in post-production, VFX and animation, alongside a favourable exchange rate, allow productions to maximise their time and budgets in Canada. This is especially the case in the major production hubs of British Columbia, Quebec and Ontario.

Canada has hosted many critically acclaimed and high-profile productions over the last 25 years, including the recent Amazon Prime series *The Boys* (2019-present), HBO's *The Last of Us* (2023-present) and the FX historical drama *Shōgun* (2024-present).

There are several national bodies that represent the Canadian sector, including The Alliance of Canadian Cinema, Television and Radio Artists (ACTRA), Telefilm, the Canadian Media Producers Association (CMPA), and the Association Québécoise de la Production Médiatheque (AQPM).

The Canadian video games sector is also very well established, with more than 820 active video games studios. It contributes £2.75 billion (CA$5.1 billion) to Canada's annual GDP and provides over 34,000 FTE jobs.[103]

101 *Profile 2024: An economic report on the screen-based media production industry in Canada.* Canadian Media Producers Association, December 2024. Accessible at: https://telefilm.ca/wp-content/uploads/2025/01/Profile-2024-Eng-Final_Dec-20.pdf

102 *Summary of Key Findings: The Beneficial Impact of Global Studios and Streamers on Canadian Creatives and Cultural Ecosystem.* KPMG, May 2024. Accessible at: https://www.mpa-canada.org/wp-content/uploads/2024/05/highlights-kpmg-report-en.pdf

103 *Canada's video game Industry contributed $5.1 billion to GDP in 2024.* Newswire, 28th January 2025. Accessible at: https://www.newswire.ca/news-releases/canada-s-video-game-industry-contributed-5-1-billion-to-gdp-in-2024-888181811.html#:~:text=821%20active%20video%20game%20studios,an%20average%20salary%20of%20%24102%2C000.&text=86%25%20of%20employees%20are%20full,average%20age%20of%2034%20years

Current Policy Concerning AI and the Screen Sector

In 2017, Canada was the first country in the world to devise and launch a national AI strategy (The Pan-Canadian Artificial Intelligence Strategy).[104] The vision was for Canada to have a world leading AI ecosystem by 2030, bridging government, the private sector and academia. The strategy's three pillars are commercialisation, standards, and talent and research.

Initiatives related to the national AI strategy include creating national AI institutes in Toronto (The Vector Institute), Montreal (MILA) and Edmonton (Amii), promoting the worldwide adoption of Canadian technologies through several AI innovation clusters, developing standards for the advancement and use of AI, and introducing programmes to cultivate AI talent and infrastructure.[105] The Canadian government plans to provide over £213.3 million (CA$400 million) in support of these initiatives between 2021 and 2031.[106]

At the same time, Canada currently has no laws to directly regulate generative AI. A first attempt was made in 2022, when the Artificial Intelligence and Data Act (AIDA) was proposed.[107] AIDA aimed to establish a regulatory framework for the development and use of 'high-impact' AI systems. The Act was part of the proposed Digital Charter Implementation Act (Bill C-27), which also included a Consumer Privacy Protection Act and the Personal Information and Data Protection Tribunal Act. The AIDA would have required 'high-impact' AI businesses to identify, address and document any harm and bias risks in their AI systems, clarify the intended uses and limitations of their AI systems for users, and create risk mitigation strategies and continuously monitor their systems.

There were many criticisms of the AIDA, including a lack of clarity around the definition of 'high-impact' AI systems. This led to a clarifying amendment in October 2023: any AI systems that could be used to determine employment and service access, process biometric information, moderate and prioritise content, for healthcare or emergency services, by courts or administrative bodies or by law enforcement, were initially considered high impact. This definition was still criticised for not being exhaustive enough.[108]

In addition, AIDA was considered to be insufficient for protecting Canadian workers against AI systems that could be considered as harmful; recommendations were that the legislation be "reconceived from a human, labour, and privacy rights-based perspective, placing transparency, accountability and consultation at the core of the approach to regulating AI".[109]

104 *Pan-Canadian Artificial Intelligence Strategy.* Government of Canada, 3rd December 2024. Accessible at: https://ised-isde.canada.ca/site/ai-strategy/en

105 *Securing Canada's AI advantage.* Prime Minister of Canada, 7th April 2024. Accessible at:https://www.pm.gc.ca/en/news/news-releases/2024/04/07/securing-canadas-ai

106 *Pan-Canadian Artificial Intelligence Strategy.* Government of Canada, 3rd December 2024. Accessible at: https://ised-isde.canada.ca/site/ai-strategy/en

107 *The Artificial Intelligence and Data Act (AIDA)* - Companion Document. Government of Canada, 31st January 2025. Accessible at: https://ised-isde.canada.ca/site/innovation-better-canada/en/artificial-intelligence-and-data-act-aida-companion-document

108 *AI Watch: Global regulatory tracker - Canada.* White & Case, 16th December 2024. Accessible at: https://www.whitecase.com/insight-our-thinking/ai-watch-global-regulatory-tracker-canada

109 The death of Canada's Artificial Intelligence and Data Act: What happened, and what's next for AI Regulation in Canada? Montreal Ethics, 17th January 2025. Accessible at: https://montrealethics.ai/the-death-of-canadas-artificial-intelligence-and-data-act-what-happened-and-whats-next-for-ai-regulation-in-canada/

Lobby organisations representing various branches of the Cultural Industries, including screen, expressed their dissatisfaction with AIDA's effectiveness in protecting artists and creative workers against the social and economic impacts of generative AI; these groups included the Directors Guild of Canada, the Writers Guild of Canada, the Screen Composers Guild of Canada, Music Canada, and a group representing authors and publishers.[110]

These challenges were exacerbated by the lack of initial consultation with industry representatives and civil society organisations, including those representing the First Nations.[111] In November 2023, the government responded to the criticisms by proposing some amendments to the AIDA legislation's scope, requirements and regulatory powers, but they were not enough to address concerns.[112] [113] The bill was never passed.

Canada elected a new government in April 2025, and the Honourable Evan Solomon was appointed Minister for Artificial Intelligence. Solomon has stated that the government intends to move away from excessive regulation and towards innovation and economic growth,[114] and confirmed that there is no plan to reintroduce the AIDA. They will instead review what elements can be repurposed in an updated regulatory framework, with a focus on copyright protection.

This is a different perspective from other countries that are part of an international trend toward structured AI governance in the screen sector, such as Denmark's proposed legislation targeting deepfakes, and Italy's incorporation of AI-specific provisions into audiovisual tax credit programmes.[115] The proactive stance taken by SAG-AFTRA in the USA to embed robust AI-related protections into commercial contracts[116] further underscores industry recognition of AI's implications for performer rights and intellectual property.

The Canadian government's current view on the value of policy in this area has not stopped lobbying and action; ACTRA has taken substantial steps to codify similarly robust protections for performers.[117] Through its Toronto-based AI Sub-Committee, ACTRA advanced the principles of Consent, Compensation and Control (the Three Cs) into both collective agreement negotiations and federal policy advocacy. The 2025-2027 Independent Production Agreement further institutionalises these protections, mandating informed consent, transparency of use and fair compensation for AI-generated or replicated performances.[118]

110 Ibid.

111 Ibid.

112 Ibid.

113 *State of AI regulation in Canada in 2025*. Xenoss, 9th May 2025. Accessible at: https://xenoss.io/blog/ai-regulation-canada#:~:text=Voluntary%20Code%20for%20generative%20AI,-Alongside%20AIDA%20provisions&text=While%20compliance%20is%20not%20mandatory,AI%20use%20cases%20are%20established.

114 *AI minister Evan Solomon wary of overdoing regulation, but says Bill C-27 "not gone"*. Betakit, 11th June 2025. Accessible at: https://betakit.com/ai-minister-evan-solomon-wary-of-overdoing-regulation-but-says-bill-c-27-not-gone/

115 *Denmark to tackle deepfakes by giving people copyright to their own features*. The Guardian, 27th June 2025. Accessible at: https://www.theguardian.com/technology/2025/jun/27/deepfakes-denmark-copyright-law-artificial-intelligence?utm_campaign=denmark-takes-on-deepfakes&utm_medium=referral&utm_source=www.vp-land.com

116 *Member Message: SAG-AFTRA Members Approve 2025 Commercials Contracts Agreement*. SAG-AFTRA, 21st May 2025. Accessible at: https://www.sagaftra.org/member-message-sag-aftra-members-approve-2025-commercials-contracts-agreement#:~:text=Importantly%2C%20these%20contracts%20include%20the,systems%20without%20consent

117 *Protecting Canadian Performers: Assessing the Impact of Canada's Proposed Bill C-27, Artificial Intelligence and Data Act*. ACTRA, 8th September 2023. Accessible at: https://www.actra.ca/wp-content/uploads/2023/09/PA-AI-Submission.pdf

118 *Independent Production Agreement*. Alliance of Canadian Cinema, Television and Radio Artists (ACTRA), January 2025. Accessible at: https://www.actra.ca/agreements/ipa/

The Minister also plans to drive the commercialisation of AI in Canada through increasing investment in data centres and research, championing Canadian AI companies, and encouraging the adoption of AI in small and medium enterprises. In July 2025, Solomon announced a £73.13 million (CA$98.6 million) investment by SCALE AI (Canada's global AI innovation cluster) into 23 new AI adoption projects. Notably, none of these are related to the cultural or screen industry,[119] with current projects in areas such as immunology, steel production, rail network optimisation and e-commerce.

Beyond AIDA, several Canadian laws shape how AI intersects with film and television. The Personal Information Protection and Electronic Documents Act (PIPEDA)[120] and provincial equivalents[121] require consent and transparency in personal data use, applying to AI-driven tools in casting, audience analytics, or targeted marketing.

Canada's Copyright Act[122] grants exclusive rights to creators, but its application to AI remains unsettled. A 2023-24 consultation showed that the Creative and Cultural Industries – including screen sector stakeholders – stressed the need for consent, credit, and compensation when AI uses creative works. By contrast, tech companies argued that current frameworks risk slowing innovation and investment.[123]

One ongoing high-profile case concerns a challenge to a decision by the Canadian Intellectual Property Office (CIPO) to permit a copyright registration with both a human and AI system registered as the authors.[124] The work was refused copyright in the USA on the grounds that the human author conceived the idea, but the AI system executed it, and stating that a human giving prompts to an AI system is not sufficient to constitute authorship. The Canadian Federal Court has yet to make a ruling, but if they do not revoke the CIPO's decision to copyright the work, it will set a new precedent for the concept of ownership and raise new questions around ownership and licensing.

Another case currently ongoing in the Ontario Superior Court of Justice is a claim against OpenAI by several major Canadian news publishers, including the Toronto Star, Metroland, CBC/Radio-Canada, the Canadian Press, the Globe and Mail and Postmedia.[125] The plaintiffs claim that OpenAI has infringed copyright laws by scraping content from these news outlets to develop its AI models. While Open AI insists that its models are trained on publicly available data and the use of such content is grounded in fair use principles, the media companies believe that Open AI is in breach of copyright laws and online

119 *Canada's AI adoption accelerates, driving growth for industries: Nearly $100m invested in 23 new projects through SCALE AI's latest funding round.* SCALE AI, 10th July 2025. Accessible at: https://www.scaleai.ca/100m-invested-in-23-new-projects-through-scale-ais-latest-funding-round/

120 *Personal Information Protection and Electronic Documents Act.* Government of Canada, 25th June 2025. Accessible at: https://laws-lois.justice.gc.ca/eng/acts/p-8.6/

121 *Data protection laws in Canada.* DLA Piper, 26th January 2023. Accessible at: https://www.dlapiperdataprotection.com/index.html?t=law&c=CA

122 *Copyright Act.* Government of Canada, 25th June 2025. Accessible at: https://laws-lois.justice.gc.ca/eng/acts/C-42/Index.html

123 *Consultation on Copyright in the Age of Generative Artificial Intelligence: What we heard report.* Government of Canada, 11th February 2025. Accessible at: https://ised-isde.canada.ca/site/strategic-policy-sector/en/marketplace-framework-policy/consultation-copyright-age-generative-artificial-intelligence-what-we-heard-report#s9

124 *Can AI be an author? Federal Court asked to decide in new copyright case.* Norton Rose Fulbright, 6th August 2024. Accessible at: https://www.nortonrosefulbright.com/en-us/knowledge/publications/ad12aba2/can-ai-be-an-author-federal-court-asked-to-decide-in-new-copyright-case

125 *Statement of Claim Form 14A.* Ontario Superior C0urt of Justice, 28th November 2024. Accessible at: https://litigate.com/assets/uploads/Canadian-News-Media-Companies-v-OpenAI.pdf

terms of use and are profiting from their intellectual property without consent or compensation. To date, the case has not been settled, but if the plaintiffs win the lawsuit, OpenAI could be forced to pay compensation for every article used to train the ChatGPT model, as well as share any profits made using the articles, and OpenAI would be prohibited from using any articles in the future.

In Quebec, the Conseil de l'Innovation du Quebec[126] and the Québecois Artificial Intelligence Institute (Mila)[127] have advanced guidelines on responsible AI, calling for cultural databases in French and Indigenous languages and binding transparency on training data sources. For the screen sector, such measures could protect Canadian stories while supporting innovation, ensuring that creative contributions are fairly acknowledged and compensated when used to train or generate AI systems.

Additional Insights from Consultations

Consultees highlighted the key role that the screen sector plays in the preservation of Canadian cultural heritage and identity, and, relatedly, how generative AI systems create concerns. Stakeholders reported that Francophone and Indigenous groups risk losing their specificity, due to AI models being biased towards Anglophone and especially USA content. For this reason, many of the Canadian creators and representatives had a critical view of generative AI systems, citing the need to ensure data sovereignty for cultural minorities and the maintenance of cultural diversity.

Consultees also stressed the need to develop skills that support screen sector workers to adapt to and adopt AI. They highlighted the importance of building technical AI expertise – both in using tools to enhance creativity and in understanding ethical and legal issues, including responsible use and identifying misuse. At the same time, as AI streamlines technical tasks, consultees emphasised strengthening soft skills such as communication and collaboration, particularly for new entrants. Understanding the full production value chain as well as AI's role across it was seen as essential for effective teamwork, while creatives should also cultivate a refined aesthetic sense to better judge and work with AI-generated outputs.

126 *Quebec 12 Priority Recommendations for Responsible Use of AI.* Securiti, 2nd May 2024. Accessible at: https://securiti.ai/quebec-responsible-use-of-ai/

127 *AI Governance, Policy and Inclusion.* Mila, October 2024. Accessible at: https://mila.quebec/en/ai4humanity/ai-governance-public-policy-and-safety

Key Takeaways

Canada's screen sector remains a significant contributor to the national economy, though it has recently faced turbulence. These declines were largely driven by the USA labour strikes, underscoring the importance of international investment. Despite these challenges, Canada retains its position as a global hub for production thanks to competitive incentives, strong infrastructure, and specialist expertise across VFX, animation and post-production. Industry representatives are keen to protect these advantages, recognising both the economic importance of inward investment and the role of the screen sector in shaping Canadian cultural identity.

The policy environment surrounding AI in Canada is in flux. Canada was an early mover with its *Pan-Canadian AI Strategy*, but legislative attempts such as the Artificial Intelligence and Data Act (AIDA) fell short, with consultees criticising weak definitions, limited protections for workers, and a lack of consultation with cultural and Indigenous groups.

While other countries are moving toward more structured AI governance, Canada's new government has shifted its focus to economic growth and commercialisation, confirming there are no plans to revive AIDA. Instead, efforts are being directed toward data centre investment and adoption of AI across industries –though notably not in the screen sector.

In the absence of strong federal regulation, copyright law and privacy legislation remain the main legal frameworks shaping AI's application, while high-profile legal disputes, such as those concerning authorship and content scraping, are testing the boundaries of existing law.

Industry consultees expressed deep concern about the risks that generative AI poses to Canadian culture and labour. Francophone and Indigenous groups were particularly vocal about data sovereignty and the potential marginalisation of cultural diversity by AI models trained predominantly on USA and Anglophone content. Guilds and unions have taken a proactive stance where government has not, embedding protections for performers through collective bargaining, with ACTRA advancing its principles of consent, compensation and control.

Stakeholders also emphasised the need for skills development, both technical – enabling workers to harness AI tools responsibly – and interpersonal, such as communication and collaboration, which will remain central as AI automates technical tasks.

Overall, while Canada is positioning itself as a leader in AI innovation, the screen sector continues to call for a policy framework that balances commercial opportunity with cultural protection and workers' rights.

2.5. France

Introduction

France's screen sector has long been home to some of the most famous and well-recognised filmmakers, films, film festivals and industry events, with a historic industry heritage. As an established market, it manages both sovereign capability and legislation within the EU. This case study, therefore, focuses on both the effects of EU-level tech regulation on France, as well as the ongoing national developments in protecting artists' rights and creators' IP.

Context: France's Screen Sector

France is home to one of the longest-running and most successful screen sectors globally. Home to a blend of legacy studios, innovative animation and digital content creators, and strong public infrastructure, the French screen sector has been influential across Europe as well as internationally.

Between 2014 and 2023, France cemented itself as the largest market for European films, contributing 24% of all cinema admissions, as well as the film-production sector that produces the most titles within Europe.[128] In that same period, French films represented 20% of all European films in circulation, underlining the strength and global cultural influence of the sector. In 2023, the Centre National du Cinéma (CNC) estimated that French audiovisual tax credits contributed to bringing £2.6 billion (€3 billion) in production expenditure on audiovisual, cinematographic works and video games to France.[129] In that year, the French sector was estimated to have employed 164,924 workers.[130]

Characterised by strong public policy support, a vibrant creative ecosystem, and internationally recognised talent, the value of the French screen sector stretches far beyond its borders. From the Lumière brothers to new wave cinema, to the Annecy International Animation Film Festival and the Festival de Cannes, France has been a long-time leader of the sector.

Key players in the sector include Gaumont, a notable production and distribution company founded in 1895; Pathé, a major film production and distribution company and owner of a number of cinema chains; and StudioCanal, another major production and distribution company. France is also home to renowned animation studios like Illumination Studios Paris, which is the company behind global hits such as *Despicable Me* (2010) and *Minions* (2015), and Xilam Animation, which has exported French animated series worldwide. On the digital front, video game developer and tech company Ubisoft represents a growing convergence between interactive media and screen storytelling.

Maintaining a highly regulated media environment with quotas for European and French-language content on broadcasting and streaming platforms, France has been at the forefront of advocating for the application of such cultural exceptions at the European level.

128 *Made in Europe: Theatrical distribution of European films across the globe*. European Audiovisual Observatory, 21st November 2024. Accessible at: https://rm.coe.int/made-in-europe-theatrical-distribution-of-european-films-across-the-gl/1680b27e6e

129 *Évaluation de l'impact des crédits d'impôt relevant du CNC de 2017 à 2023 (Evaluation of the impact of CNC tax credits from 2017 to 2023).* CNC France, EY, 2025. Accessible at: https://www.cnc.fr/documents/36995/156431/Evaluation+de+l%27impact+des+cr%C3%A9dits+d%27imp%C3%B4ts+relevant+du+CNC+de+2017+%C3%A0+2023.pdf/7194f920-92cc-1140-0bc3-874f25937f80?t=1752079757424

130 *Rapport d'évaluation des crédits d'impôt 2023 (2023 Tax Credit Evaluation Report). CNC, September 2024.* https://www.cnc.fr/documents/36995/2290343/Rapport+d%27%C3%A9valuation+des+CI+2023-.pdf/dd228062-a3e6-1577-ec58-bd896da0a123?t=1730905588970

Current Policy Concerning AI and the Creative Industries

France does not currently have its own national AI legislation, nor does it have any specific regulations targeting AI use in the Creative Industries. Regulation of AI is instead chiefly led by the EU AI Act, which applies across all EU Member States.

The EU AI Act[131] is the first comprehensive, supranational piece of legislation regulating AI systems, as it also applies to those external providers that have users within the EU. Entering into force in August 2024, it provides a tiered risk-based regulatory framework and aims to ensure trustworthy, human-centric AI while supporting innovation.

The EU AI Act covers all AI systems, with exceptions for systems used solely for military, national security, research and non-professional purposes. The Act introduces four risk tiers to regulate these systems: unacceptable, high, limited and minimal risk. Unacceptable risk, such as manipulative AI or social scoring systems are prohibited, while high-risk AI systems are subject to transparency requirements, such as the establishment of a risk management system, data governance or the keeping of technical documentation records. In addition to the EU AI Act, France has also presented its own National Strategy for Artificial Intelligence.[132] Launched in 2017 under the France 2030 plan, the strategy aims to position France as a global AI leader. As part of the France 2030 plan, the government also launched *La Grande fabrique de l'image (*The Great Image Factory*)* project[133], focusing on the screen sector; the project will see £307m (€350m) of government funding spent on constructing more soundstages and virtual facilities. The project is designed double the surface area of film sets and nearly quadruple the surface area of backlots by 2030.

Beyond the EU AI Act, further European and national frameworks are in place to guide AI development and use. At the European level, the Council of Europe's Convention on AI[134] sets foundational principles for ethical AI, including transparency and risk management, while global frameworks from the OECD[135] and UNESCO[136] promote non-binding standards of fairness and accountability. The Generative AI Committee, launched in September 2023, is the key sector forum uniting cross-sector stakeholders to guide national AI policy.

Although the EU AI Act governs AI and its cross-sector applications more broadly, France is expected to pursue additional national sector-specific regulations, particularly around copyright. In France, AI-generated content raises unresolved intellectual property concerns due to the legal requirement of human authorship. Current regulatory efforts in the field of AI and intellectual property include

131 *EU AI Act.* European Commission, 2024. Accessible at: https://digital-strategy.ec.europa.eu/en/policies/regulatory-framework-ai

132 *Stratégie nationale pour l'intelligence artificielle (National Strategy for Articial Intelligence*. Government of France, 8th November 2021. Accessible at: https://minefi.hosting.augure.com/Augure_Minefi/r/ContenuEnLigne/Download?id=334FD34F-7844-497E-9551-79EDFF3B2EEF&filename=1645%20-%20DP%20-%20Strat%C3%A9gie%20Nationale%20pour%20l%27IA%202%C3%A8me%20phase.pdf

133 *La Grande fabrique de l'image (The Great Image Factory), France 2030. Government*. Government of France, 19th May 2023. Accessible at: https://www.info.gouv.fr/upload/media/organization/0001/01/sites_default_files_contenu_piece-jointe_2023_05_19.05.2023_-_dossier_de_presse_-_annonce_des_laureats_de_lappel_a_projets_-_grande_fabrique_de_limage.pdf

134 *The Framework Convention on Artificial Intelligence.* Council of Europe, 5th September 2024. Accessible at: https://www.coe.int/en/web/artificial-intelligence/the-framework-convention-on-artificial-intelligence

135 *OECD Framework for the Classification of AI systems.* OECD, 22nd February 2022. Accessible at: https://www.oecd.org/en/publications/oecd-framework-for-the-classification-of-ai-systems_cb6d9eca-en.html

136 *Recommendation on the Ethics of Artificial Intelligence.* UNESCO, 16th May 2023. Accessible at: https://www.unesco.org/en/articles/recommendation-ethics-artificial-intelligence

legislative proposals, such as Law no. 675,[137] aimed at labelling AI-generated images on social media, reflecting the country's inclination toward stronger IP protections and author rights. While the proposal does not mention screen sector-specific regulation, the suggested legal approaches towards AI-generated images may signal the direction of possible upcoming, screen sector-specific laws. Law no. 675 requires users to add a statement indicating the AI origin of their images; it is possible that such requirements may be adopted for AI-generated moving images as the technology and the regulations both evolve.

At the national level, the *National Strategy for Artificial Intelligence* sets out sets out France's domestic ambitions for AI development.[138] The strategy is divided into three phases: building AI research capacity (2018–2022), integrating AI into the economy (2021–2025), and accelerating innovation through significant public investment, including £2.2 billion (€2.5 billion) dedicated in 2025. Key initiatives of the strategy include calls for trusted AI demonstrators, territorial AI solutions, embedded AI technologies, digital commons for generative AI, SME-targeted support (IA Booster France 2030), and the development of AI-related academic institutions, via the creation of an AI cluster. Additional incentives include tax credits for R&D and innovation.

In terms of oversight from authorities, France's data protection agency, the Commission nationale de l'informatique et des libertés (CNIL), has taken an active role in AI oversight by creating the Artificial Intelligence Service[139] and publishing an AI Action Plan,[140] along with practical guidance materials to align AI development with data protection standards. Academic and industry contributions, such as studies by HEC Paris[141] and EY France[142], also continue to shape the discourse on AI's impact in the creative sector.

In a 2024 study,[143] the European Audiovisual Observatory (EAO) also highlights several challenges and impacts of AI on the audiovisual sector, including those companies face in complying with EU transparency requirements, in addition to limits on deepfakes and misinformation. In the study, the EAO noted that the technology may displace certain production jobs while creating roles in moderation and compliance, and legal uncertainties remain around IP and AI-generated content. Divides within the industry are also deepening, benefiting large-scale or tech-driven players more than small or artisanal creators.

137 *Proposition de loi, n° 675 (Bill No. 675).* Assemblée Nationale, 3rd December 2024. Accessible at: https://www.assemblee-nationale.fr/dyn/17/textes/l17b0675_proposition-loi

138 *Stratégie nationale pour l'intelligence artificielle (National Strategy for Articial Intelligence.* Government of France, 8th November 2021. Accessible at: https://minefi.hosting.augure.com/Augure_Minefi/r/ContenuEnLigne/Download?id=334FD34F-7844-497E-9551-79EDFF3B2EEF&filename=1645%20-%20DP%20-%20Strat%C3%A9gie%20Nationale%20pour%20l%27IA%202%C3%A8me%20phase.pdf

139 CNIL Artificial intelligence hub. CNIL, 2025. Accessible at: https://www.cnil.fr/en/topics/artificial-intelligence-ai

140 *CNIL AI Action Plan.* CNIL, 16th May 2023. Accessible at: https://www.cnil.fr/en/artificial-intelligence-action-plan-cnil

141 *AI Is Reshaping the Creative Economy.* HEC Paris, January 29th 2025. Accessible at: https://www.hec.edu/en/dare/innovation-entrepreneurship/ai-reshaping-creative-economy

142 *How GenAI provides opportunities for human creativity and the new economy.* EY Parthenon, 24th June 2024. Accessible at: https://www.ey.com/en_nl/services/ai/how-genai-provides-opportunities-for-human-creativity-and-the-new-economy

143 *AI in the Audiovisual Sector: Navigating the Current Legal Landscape.* European Audiovisual Observatory, 22nd October 2024. Accessible at: https://www.obs.coe.int/en/web/observatoire/-/new-report-the-challenges-of-ai-for-the-audiovisual-sector-and-the-role-european-legislation-is-playing

In June 2025, French President Emmanuel Macron announced a partnership between leading French AI-firm Mistral and American tech giant NVIDIA, to develop next-generation cloud services in France.[144] The development would help transition Mistral from a model developer to a vertically integrated AI cloud provider. This announcement fits in line not only with the France 2030 plan[145] to make the country a powerful player within the European AI landscape, but also the global trend of larger, tech-driven players gaining more momentum at the expense of small companies and individual creators. The coming years are likely to be crucial in both terms of legislative as well as technological developments. French legislators have a monumental task on their hands in making sure that their rich cultural heritage and traditions of IP protection are upheld, all while supporting the government's aims to make France the next European tech superpower.

Additional Insights from Consultations

Consultees emphasised the need for a comprehensive approach in regulating AI in the screen sector, as there are currently no domestic frameworks to regulate the use of IP and data in the French screen sector. Some consultees noted that while EU-wide regulation of AI was adopted faster than domestic rules, French legislators viewed it as important to be at the forefront of new legislation when it comes to IP and creators' rights.

Consultees also expressed concern about the widespread use of US-based AI tools and LLMs, underlining the need for domestic solutions, in addition to sufficient protection for authors and their works. Concerns about data theft were mounting gradually as models became more widespread, and, in line with this, consultees agreed on the need to develop a new framework for fair compensation both on the domestic and on the international stage.

Screen sector stakeholders and public sector consultees alike agreed on the urgent need to strengthen the legal framework protecting copyright in a way that ensures other industries can engage with protected works, thus helping to drive innovation across sectors.

In parallel with regulatory efforts, consultees also noted that France was making significant infrastructure investments, which enable AI-led innovation within screen production. Noted investments include the redevelopment of the Bry-sur-Marne studios into the East Paris Creative Hub (Le Pôle Image et Son de l'Est Parisien)[146], and the recently announced AI Campus near Paris.[147] Announced in May 2025, the AI Campus is a joint venture between Bpifrance (the French national investment bank), MGX, Mistral AI, and NVIDIA to establish Europe's largest AI Campus, with a planned capacity of 1.4 GW. Backed by high-level UAE-French cooperation agreements, the initiative aims to build sovereign, sustainable, and globally competitive AI infrastructure in Europe. The campus will support the full AI lifecycle – model training, inference, and deployment – and feature exascale computing, sovereign cloud integration, and low-carbon data centres. It promises to drive AI adoption across sectors including screen, healthcare, energy, and manufacturing, while reinforcing Europe's digital and climate sovereignty. The project is supported by a strong ecosystem of public and private partners such as Bouygues, EDF, RTE, Sipartech, and École Polytechnique, which will contribute research and talent development.

144 *MGX, Bpifrance, Mistral AI, and NVIDIA Launch Joint Venture to Build Europe's Largest AI Campus in France.* École Polytechnique, 2025. Accessible at: https://www.polytechnique.edu/en/press-room/press-releases/mgx-bpifrance-mistral-ai-and-nvidia-launch-joint-venture-build-europes-largest-ai-campus-france

145 *France 2030.* Government of France. Accessible at: https://www.info.gouv.fr/grand-dossier/france-2030-en

146 *Presentation of the Pôle Image et Son de l'Est Parisien.* INA, 2025. Accessible at: https://presse.ina.fr/presentation-du-pole-image-et-son-de-lest-parisien/

147 *MGX, Bpifrance, Mistral AI, and NVIDIA Launch Joint Venture to Build Europe's Largest AI Campus in France.* Institut Polytechnique de Paris, 19th May 2025. Accessible at: https://www.polytechnique.edu/en/press-room/press-releases/mgx-bpifrance-mistral-ai-and-nvidia-launch-joint-venture-build-europes-largest-ai-campus-france

Key Takeaways

France's screen sector is a longstanding global leader, underpinned by a rich mix of legacy studios, innovative animation houses, digital content creators, and strong public infrastructure. The sector is supported by a tightly regulated media environment, including quotas for European and French-language content on broadcast and streaming platforms, which reflect France's longstanding advocacy for cultural and industry policy exceptions at the European level. Consultees emphasised that these foundations continue to create a vibrant ecosystem but also noted increasing challenges from the convergence of digital, interactive, and AI-driven content.

France currently relies on EU-wide regulation for AI, principally the EU AI Act, while domestic legislation is emerging. The EU AI Act, in force since August 2024, provides a tiered, risk-based framework for trustworthy AI, covering transparency, data governance and technical documentation for high-risk systems. Complementing this, France's National Strategy for Artificial Intelligence aims to build research capacity, integrate AI into the economy, and accelerate innovation through significant public investment, including initiatives for SME support, academic development, and digital commons for generative AI. However, consultees highlighted that gaps remain, particularly in the screen sector specific policies around intellectual property and copyright for AI-generated content, with current legal frameworks requiring human authorship and raising questions about fair compensation for creators.

Industry stakeholders and public sector consultees agree on the urgent need for a comprehensive domestic framework to regulate AI use in the screen sector. Concerns include reliance on US-based AI tools, data theft, and uneven benefits favouring large, tech-driven players over smaller creative studios. At the same time, France is investing heavily in AI infrastructure, such as the East Paris Creative Hub and the new AI Campus near Paris, designed to support the full AI lifecycle and strengthen Europe's digital sovereignty. Consultees noted that these initiatives, alongside stronger IP protections and strategic policy development, could enable sustainable AI adoption in the screen sector while safeguarding creators' rights and driving innovation across industries.

3. Comparative Analysis of Case Studies and Wider Research

3. Comparative Analysis of Case Studies and Wider Research

There were a number of shared themes across Australia, Canada, California, and France, as well as wider research. These included:

- **AI regulation across the profiled jurisdictions remains fragmented, early-stage, and uneven, creating uncertainty for screen-sector stakeholders navigating multiple governance layers.** At the same time, the early stages of regulatory work mean there is an open, wide-ranging and lively conversation between sector stakeholders and industry players. While the four reviewed jurisdictions show fragmented governance, where transnational, federal, and state or provincial authorities interact (e.g. the EU AI Act alongside French domestic policy), this fragmentation leaves space for stakeholders to contribute to the debate. In the USA, state-level laws and union agreements fill federal gaps. This regulatory fragmentation produces legal uncertainty for companies and creators operating across borders and technologies. The real-time development of AI laws means different jurisdictions are testing distinct methods to regulate the technology: Australia relies on voluntary frameworks; Canada shifted from strategy to commercialisation after AIDA stalled; California depends on state and union efforts amid absent federal rules; and France implements the EU AI Act while refining domestic policy. While regulation currently exists in pieces rather than as a mature, screen-sector-focused system, this offers countries and jurisdictions the possibility to learn from and inspire each other in developing a more integrated global framework.
- **Copyright and rights-management sit at the centre of an evolving landscape –** All four jurisdictions identify copyright as the primary legal lever for protecting screen business and filmmakers. Australia's consultees emphasise licensing frameworks and worry USA models may exploit their copyrighted content; Canada's disputes over scraping and authorship are testing copyright; California saw WGA/SAG-AFTRA push for contractual protections and US Copyright Office guidance; and France flags human-authorship rules and gaps for AI-generated works.
- **There is strong sectoral interest in sector-specific protections –** Workforce and guild action feature across all four jurisdictions: California's WGA/SAG-AFTRA (2023) strikes secured contractual limits on AI use; Canada's unions (e.g. ACTRA) have embedded consent, compensation and control via collective bargaining; Australian consultees call for more robust measures beyond voluntary rules, with Attorney General recently demonstrated Government commitment to upholding copyright protections against LLMs; French stakeholders seek domestic rules to protect creators and small studios. Labour and performer protections are therefore a cross-cutting priority.
- **There are tensions between innovation/commercialisation and cultural protection –** Each jurisdiction is balancing economic opportunity with cultural/creative safeguarding: California and parts of Canada favour commercialisation and data-centre investment; France emphasises cultural quotas, digital sovereignty and public investment (e.g. East Paris Creative Hub, AI Campus); Australia stresses cultural sensitivities, especially Indigenous heritage (e.g. Creative Australia 2024 submission). Policymakers are having to weigh growth against cultural risk as global dialogue progresses.

- **There are real concerns about dataset provenance, bias and cultural marginalisation –** Consultees in Canada and Australia highlight risks from AI models trained predominantly on US/Anglophone material and the marginalisation of Francophone and Indigenous content; France worries about reliance on USA tools and data theft; California's debates focus on training data and disclosure. Across jurisdictions, there is increased awareness about whose culture – presented and championed by the screen sector – is encoded in models and who benefits. Jurisdictions such as France and Australia have therefore begun to develop home-grown models to safeguard cultural intricacies.
- **Skills, capacity and future work roles remain a shared high priority –** Consultees from all four jurisdictions recognised the importance of upskilling: Canada highlights technical and interpersonal skills as AI automates technical tasks; Australia calls for understanding AI adoption across production pipelines; France links research capacity and SME support to strategic AI adoption. Workforce development is, therefore, a prominent cross-jurisdictional theme.

Conclusion

AI is now a pervasive, production-grade component of the global screen sector. It streamlines technical workflows, augments creative development, and opens new possibilities for storytelling, while also concentrating capability and data advantage in larger organisations. International evidence presented in this report shows that rapid technical advances, coupled with unequal access to skills, infrastructure, and licensing create a fragile balance and uneven landscape. Sustained efficiency and creativity will depend on levelling the playing field through stronger governance, workforce development, clearer IP and data safeguards, and robust sustainability standards. These measures are essential to ensure that all parts of the screen sector can benefit from AI while mitigating its risks. Left unchecked, the screen sector risks exacerbating inequalities, undermining creators' rights and eroding public trust, even as new tools enable richer creative forms.

Further, the pace of technological change, combined with regulatory uncertainty, creates an urgent need for sustained, timely evidence to support decision-making. Policymakers, funders and industry cannot rely on static rules and instead require rolling intelligence to keep regulation and organisational planning responsive. Ongoing research, such as the CoSTAR Foresight Lab's series of *Creative Technologies International Scans*,[148] is therefore critical to keep abreast of developments; these scans provide continuous, comparative monitoring needed to translate rapid technological developments into practicable policy, regulatory frameworks and investment priorities that protect creators, support innovation, and keep the UK screen sector competitive and resilient.

148 *Creative Technologies International Scan #4*. Olsberg·SPI, November 2025. Accessible at: https://a.storyblok.com/f/313404/x/43404cab7e/creative-technologies-international-scan-4.pdf

CoSTAR
THE UK R&D NETWORK FOR CREATIVE TECHNOLOGY

UKRI Arts and Humanities Research Council

ForesightLAB

CoSTAR Foresight Lab
Goldsmiths, University of London
New Cross
London SE14 6NW

costarforesightlab@gold.ac.uk
costarnetwork.co.uk/labs/foresightlab

OLSBERG·SPI
Loughborough University
Goldsmiths UNIVERSITY OF LONDON
THE UNIVERSITY of EDINBURGH
BFI