



Enforcing IP Rights in the Online Environment

Jenny Wong
Regional Director
IFPI Asia Regional Office
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About IFPI



About IFPI



IFPI is the voice of the recording industry worldwide. We represent the interests of 1,300 record companies across the globe.

IFPI is a not-for-profit international organisation registered in Switzerland. We have offices in London, Brussels, Hong Kong, South Korea, and Miami plus a representative office in Beijing.

57 Countries with IFPI affiliated national groups or music licensing companies

59 Markets where our member companies operate



- **Legal policy & litigation**
- **Sales reporting & industry data**
- **Charts & certifications governance**
- **Insight & analysis**
- **Performance rights**
- **Content protection**
- **International trade**
- **Technology**
- **Communications**



PROMOTING THE VALUE OF RECORDED MUSIC

Its economic value in creating growth, jobs and investment and its cultural value to society and in people's lives.



CAMPAIGNING FOR THE RIGHTS OF RECORD PRODUCERS

We work to make sure that the rights of our members, who create, produce and invest in music, are properly protected and enforced.



EXPANDING THE COMMERCIAL USES OF RECORDED MUSIC

Working to help our members license and generate commercial value for music through every available channel across the world.



What We Do

The Global Picture





Recorded Music Industry in 2018

US \$19.06 bn
global trade revenues for the
recorded music industry in 2018

9.7%
growth compared
to 2017



Streaming revenue growth of 34.0%, driven by paid subscriptions



Growth in every region and in 46 of 53 reporting countries

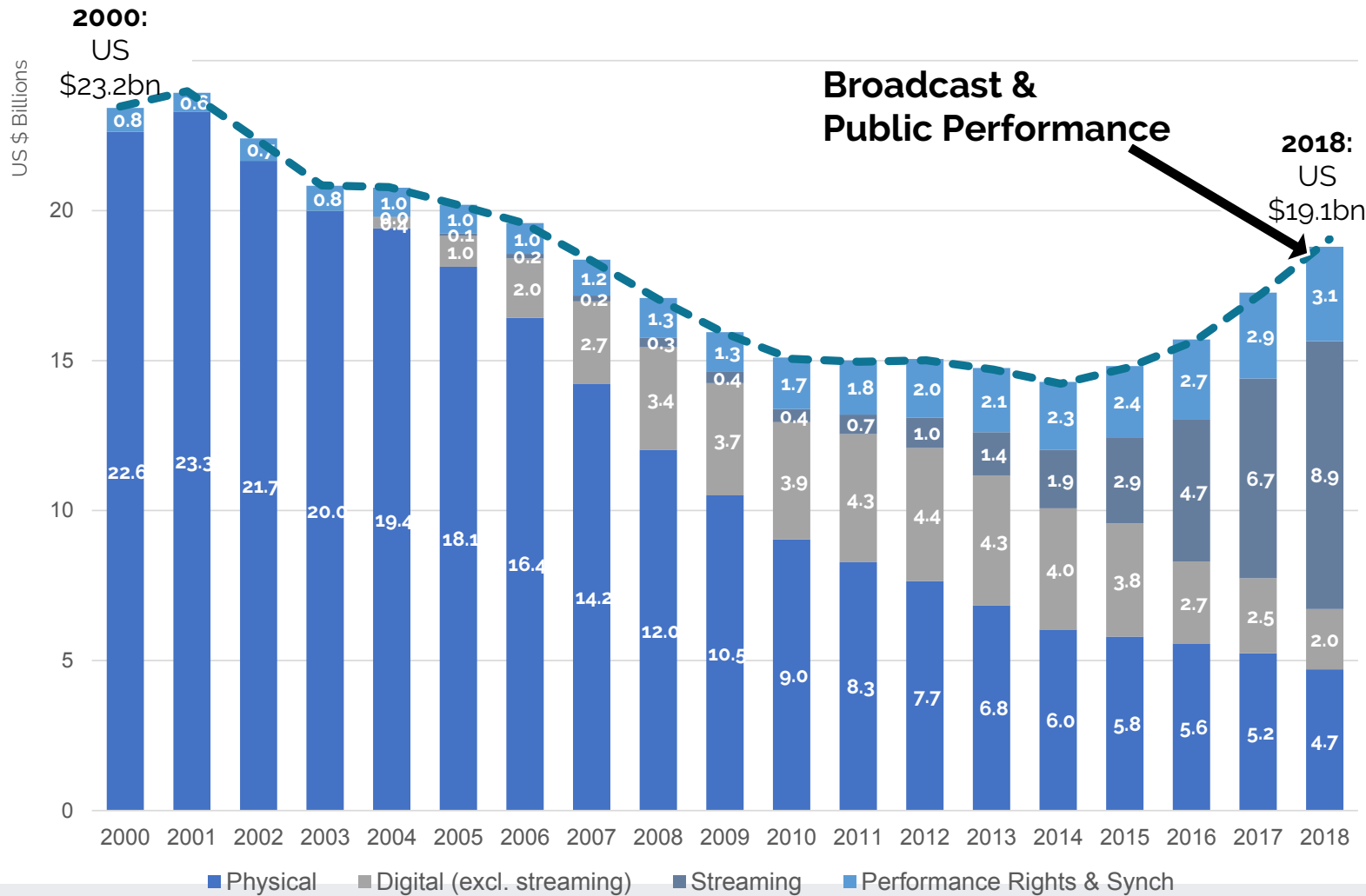


Continued decline in physical income – but vinyl kept growing



Increased collections from performance rights worldwide

Growth after a long decline



PERFORMANCE RIGHTS & SYNCH

Music used in broadcast and public performance and royalties from tv, film, and games

STREAMING

Audio and video streaming revenues, paid subscriptions and ad-supported

DIGITAL

Permanent downloads, mobile revenues (excludes streaming)

PHYSICAL

Sales of all physical formats, including CD and vinyl.



GLOBAL MUSIC REPORT 2019



- Published **April 2nd 2019**
- Provides detailed **revenue data** across the global recorded music industry for **calendar year 2018**
- All revenues expressed as **trade / wholesale value**
- All amounts in fixed **US\$ 2018** exchange rates
- A free 'State of the Industry' version is accompanied by a detailed '**Data and Analysis**' report that contains revenue data for over sixty countries and across each music format.

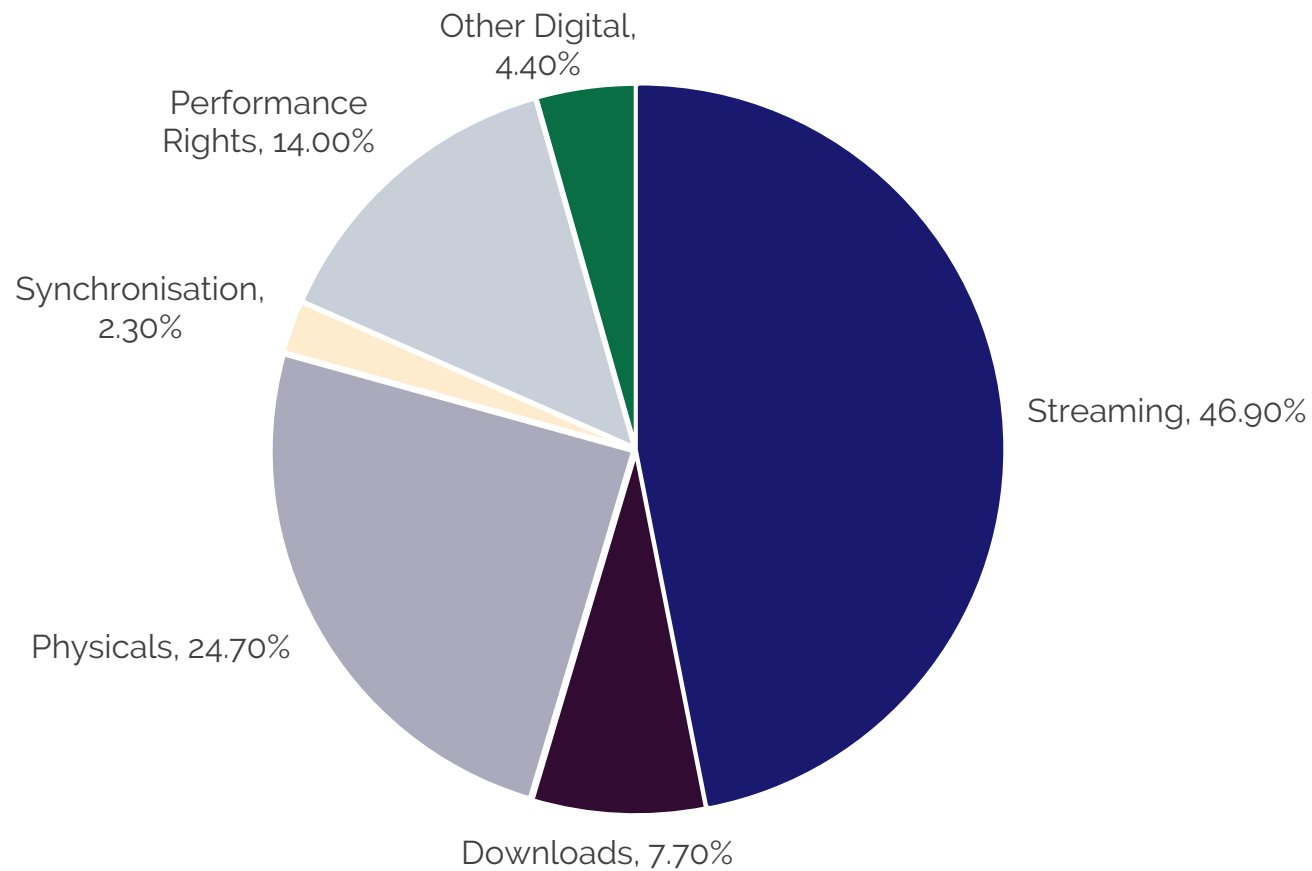
Methodology Note

Revenue figures are provided by the record companies to IFPI for the respective markets.

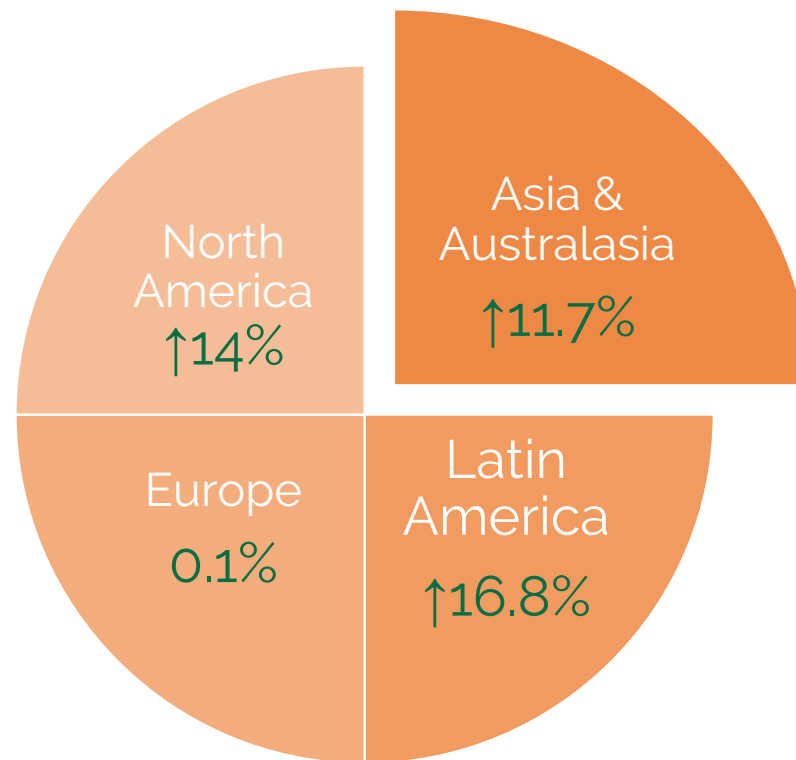
A coverage factor, based on knowledge of each market from local companies, DSPs, and the local IFPI national group, is applied to account for non-reporting companies, to cover 100% of each market.

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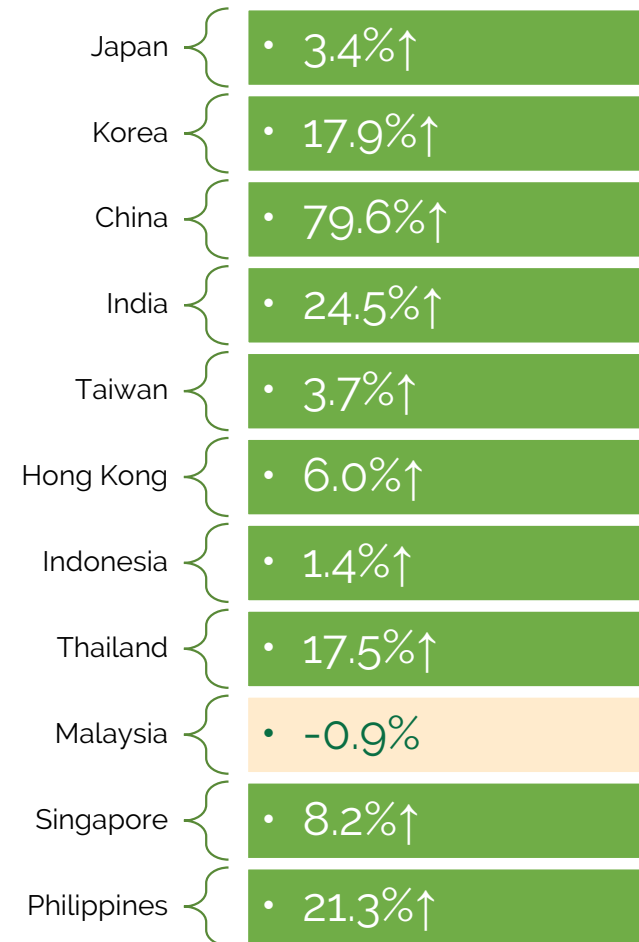
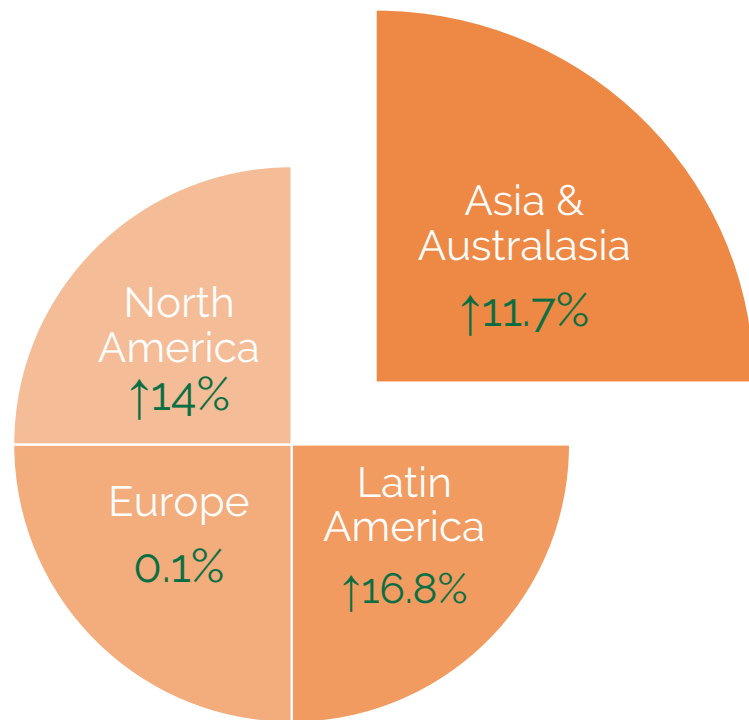
Global Recorded Music Industry Revenues – Formats in 2018



2018 Revenue Increase Figures by Region



2018 Figures by Region



Music consumption

A young woman with a headwrap and headphones, smiling and dancing on stairs. The image is overlaid with a semi-transparent purple filter. The woman is wearing a plaid shirt over a white tank top. She is holding a small object in her right hand and has her left hand raised. The background shows a set of stairs and a wall.

ifpi

An amazing time to be a music fan...

- ✓ More choice than *ever*
- ✓ **50m+** licensed tracks
- ✓ **40,000** new tracks uploaded to streaming services every day

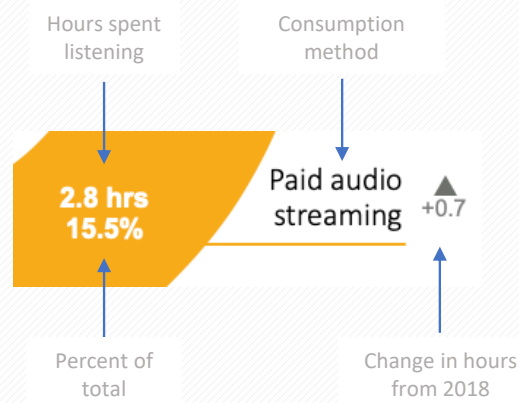


Global: Share of Listening

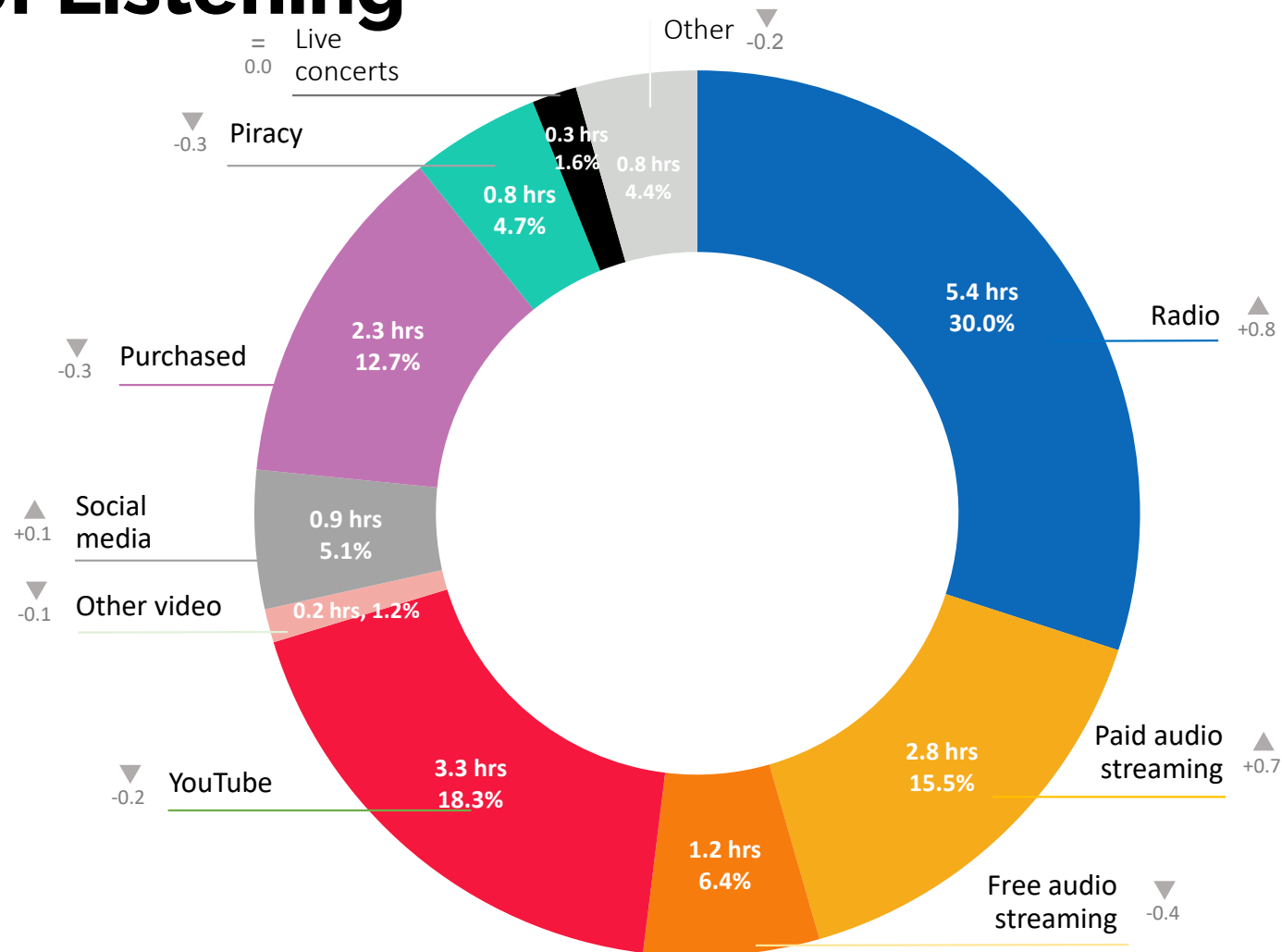
The average user spent
18.0 hours
listening to music each week

▲
+0.2

KEY



Source: Q17. In a typical week, how many hours do you spend listening to music in the following ways?
Base: All listening to 0-70 hours of music per week (n.22,165)



Other – music from friends/family on a USB stick or through a link to a personal Dropbox, music downloaded from an unlicensed app such as Free MP3 downloader

Music doesn't just happen...

Record companies are the primary investors in music – discovering, nurturing and promoting artists and their music.

- **\$5.8bn** global annual investment in A&R and Marketing
- **33.8% share** of revenue invested in A&R and Marketing
- **Up \$1.1bn** (+3.1%) since 2015
- **A&R investment** amongst top industries for R&D



The Music Industry Supports a wider Ecosystem

- In the US it created 1.9 million jobs
- With \$72.4 billion in earnings
- And added \$1.43 billion to the economy

[\(https://www.riaa.com/reports/u-s-music-industries-jobs-benefits-2018/\)](https://www.riaa.com/reports/u-s-music-industries-jobs-benefits-2018/)



Why should you care about piracy?



Music piracy remains a major issue globally

2.3bn

unlicensed music
downloads using stream
ripping services in 2018

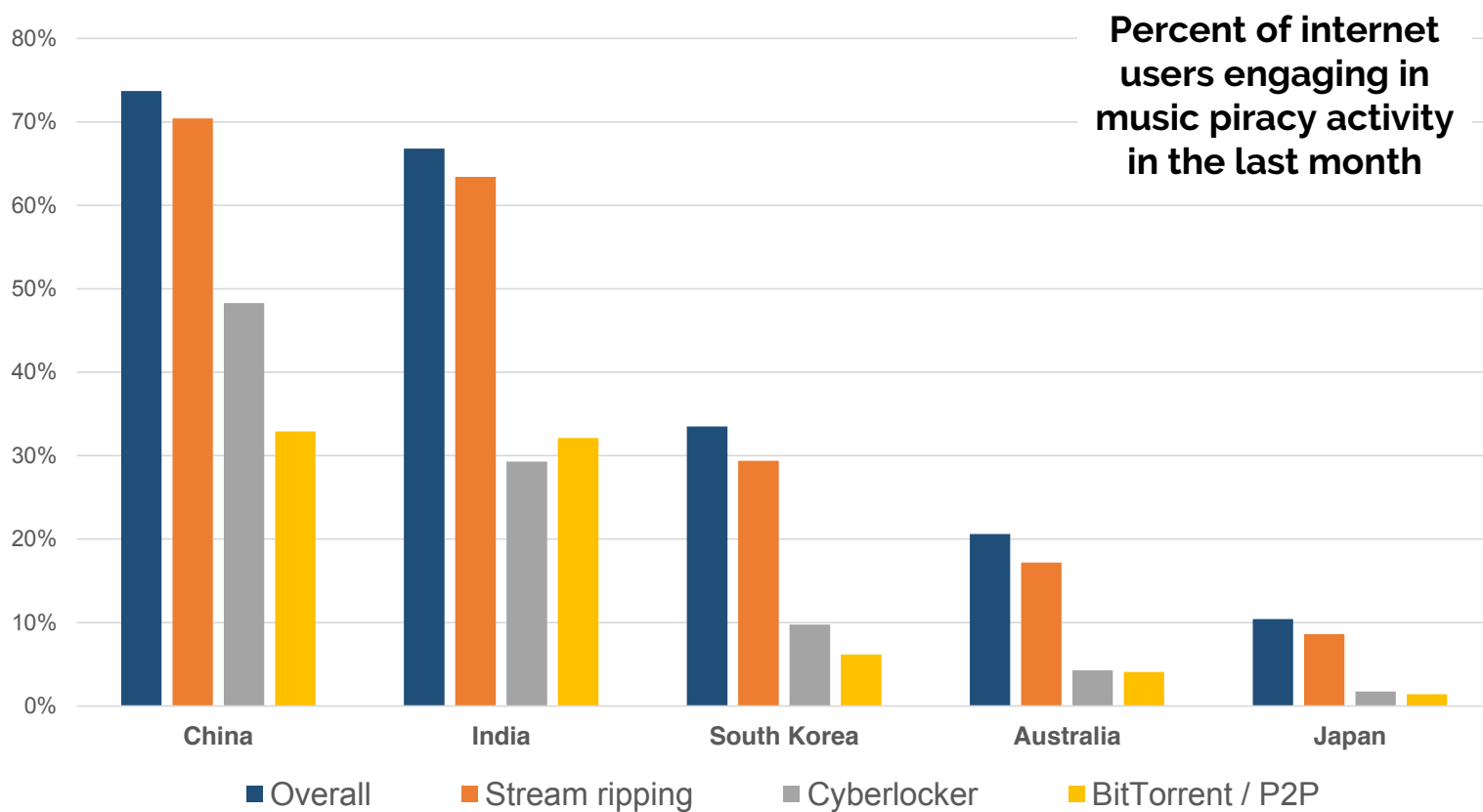
1.6bn

unlicensed music
downloads using
BitTorrent in 2018

448m

unlicensed music
downloads using
cyberlockers in 2018

Piracy Trends – Asia Pacific



Source: IFPI Music Consumer Study 2019. Base sizes vary between 1,000 – 3,000 internet users aged 16-64 in each country



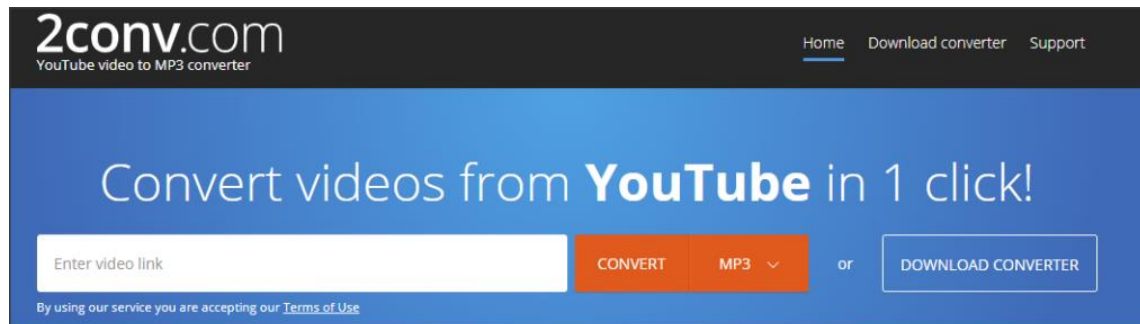
Key Threats

- Stream ripping
- Cyberlockers



Stream Ripping

- Process of “ripping” a downloadable audio file from a music video streaming platform (licensed for online streaming only).
- Allows user to obtain an unlicensed permanent copy of the music file for offline use or use on other devices.



Stream ripping – #1 global piracy threat

- Most prominent form of music piracy
- **YouTube** is source of at least **90%** of content which is 'ripped'
- **47% of 16-24s** ripped music during the past three months.*

Causes substantial harm to the industry by:

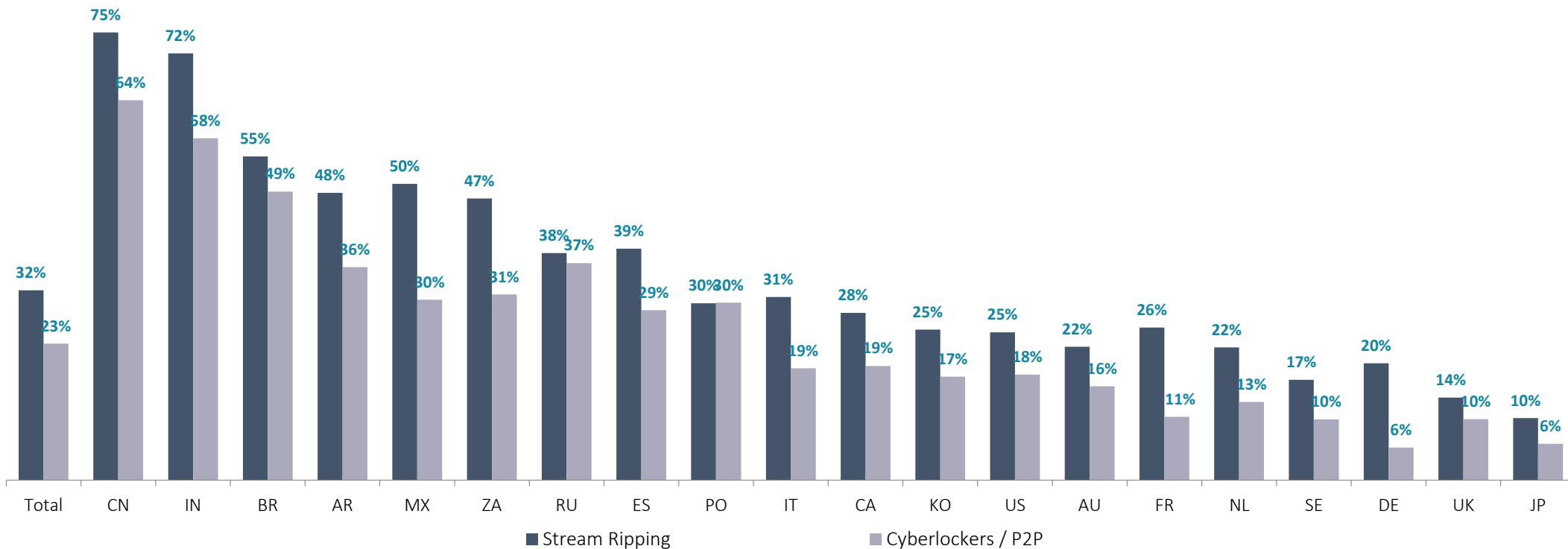
- Reducing traffic to licensed streaming platforms
- Reduces sales of premium subscription streaming services
- Diverts sales of permanent downloads

** Source: IFPI Music Consumer Study 2018.*

Global figures are taken across 19,000 consumers aged 16-64 in 18 markets making up 90% of global music market by revenue. Fieldwork completed April – May 2018.



Stream Ripping - the most popular piracy method today



Strictly Privileged and Confidential

Source: IFPI
Data as at April 2018

@IFPI_org



Stream Ripping – Legal position

IFPI analysis: stream ripping services engage in –

- Unauthorised communication to the public/making available
- Unauthorised reproduction (primary and/or secondary liability)
- Circumvention of technical protection measures (TPMs)
- **Courts have confirmed this position**
 - US: Youtube-Mp3
 - Germany: e.g. Convert2MP3, MusicMonster and ZeeZee
 - Website blocking decisions: Australia, Denmark, Italy, Russia and Spain



Cyberlockers

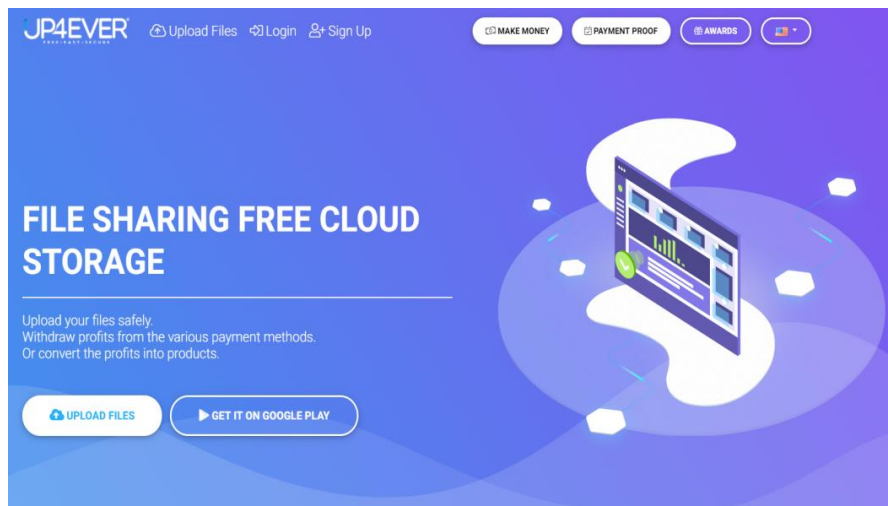
- File sharing websites
- Main source of “first-seens” and pre-release content
- Large traffic volumes (millions of users per month)
- Operators increasingly difficult to identify
 - Sophisticated Networks
 - Located in challenging jurisdictions – legal “grey area”
 - Linked to organised crime



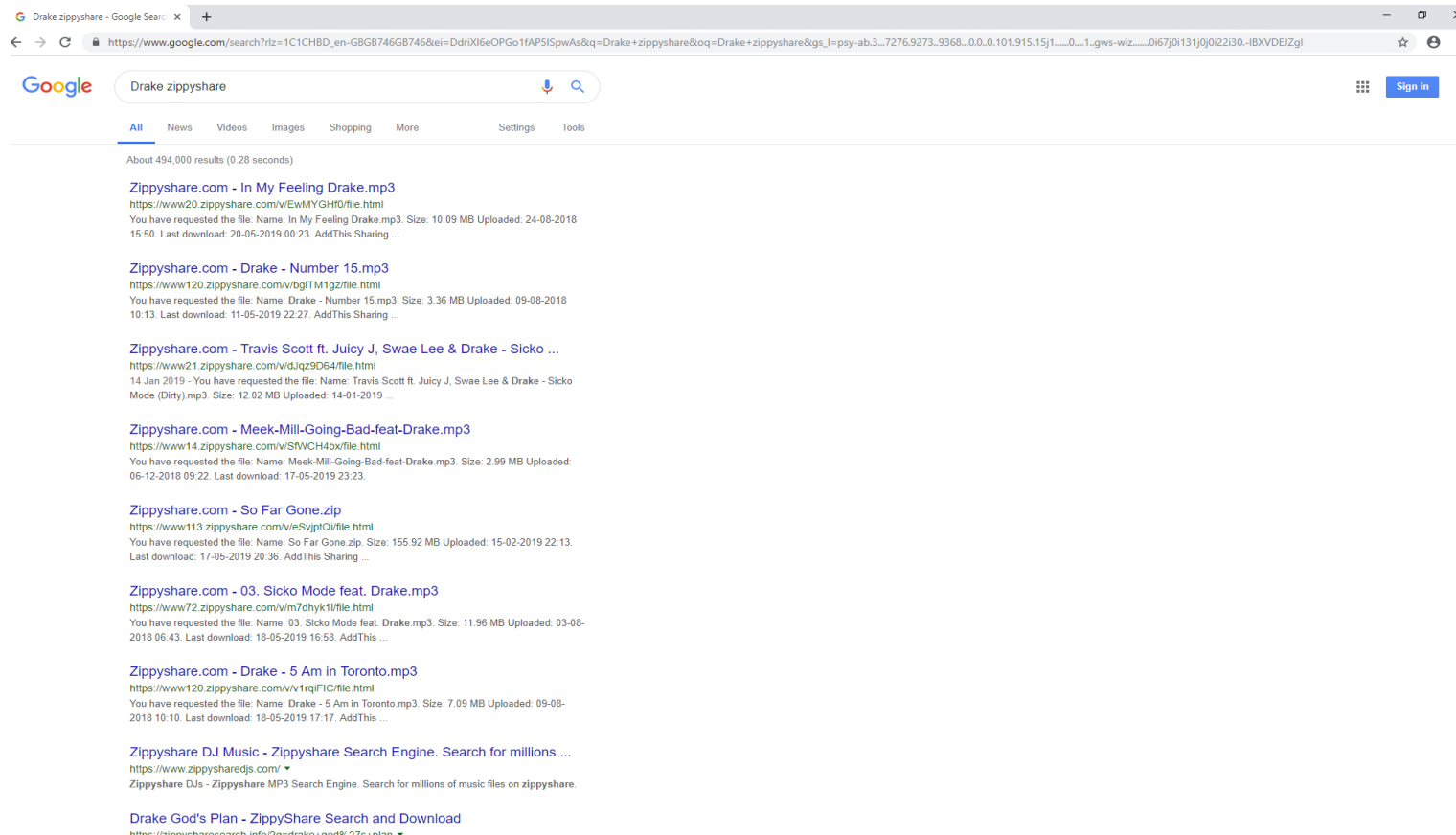
Cyberlockers

Typical Features:

- Allow anonymous uploads and downloads
- Reward schemes incentivise uploaders
- Files deleted after a certain number of days if not downloaded i.e. focus is sharing not storing



Using search engines to organise and promote stored content



Cyberlockers – Legal position

IFPI analysis of cyberlockers

- go beyond the provision of mere physical facilities for storage for individual users but provide a means of internet-based file sharing
- engage in the reproduction and making available of copyright protected works
- are not mere “technical, automatic, and passive” intermediaries that could benefit from intermediary liability privileges.

Case law confirming this position:

- US and Germany
- Website blocking decisions: Italy, Malaysia and South Korea



Enforcement Tools



Tools to respond to the piracy challenges



Website Blocking Successfully Tested in 33 Countries

SOUTH AMERICA

Argentina
Brazil
Mexico
Peru
Uruguay

EU/ EEA MEMBER STATES

Austria	Italy
Belgium	Lithuania
Denmark	Netherlands
Finland	Norway
France	Portugal
Germany	Romania
Greece	Sweden
Iceland	Spain
Ireland	UK

EURASIA AND AUSTRALASIA

Australia
India
Indonesia
Malaysia
Russia
Turkey
Singapore
South Korea
Thailand
Vietnam

Over
3,000
unique URLs
blocked to sites
containing
music

Impact of Website Blocking

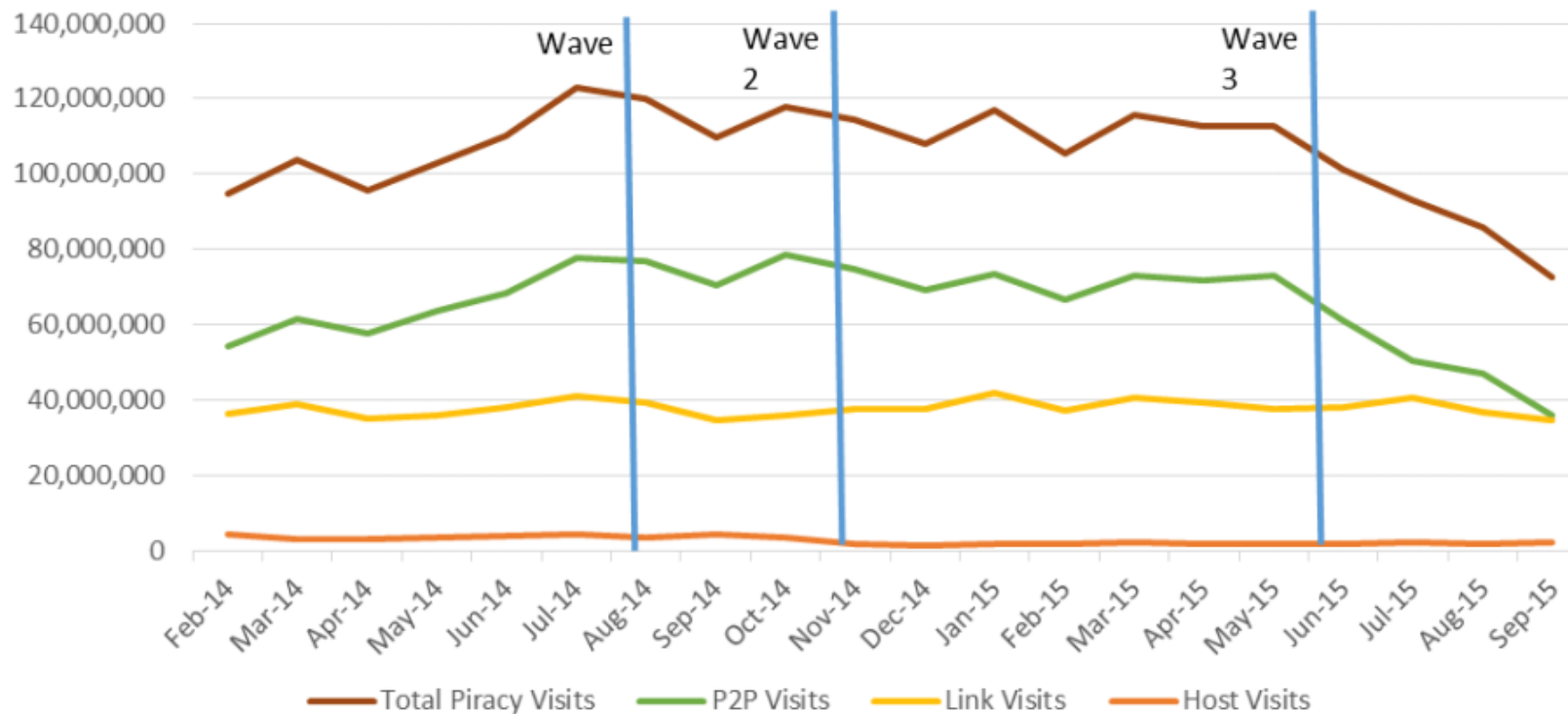
- Blocking considerably reduces visits to blocked sites.
- Blocking multiple websites:
 - Reduces overall piracy
 - Is particularly effective in reducing use of pirate services in a particular category e.g. BitTorrent
 - Leads to increased licensed activity
- *The Effect of the UK November 2014 blocks on Consumer Behaviour (Danaher, Smith and Telang, April 2016) found:*
 - The blocking of 53 piracy websites in the UK in November 2014 impacted consumer behaviour
 - Blocks caused a 90% drop in visits to blocked sites
 - Led to a 22% decrease in total piracy for all users affected by the blocks
 - Resulted in a 6% increase in visits to paid legal streaming sites such as Netflix



South Korea (MPA Study)



South Korea: Trends in Visits by Category
(Nielsen KoreanClick Data)



Impact

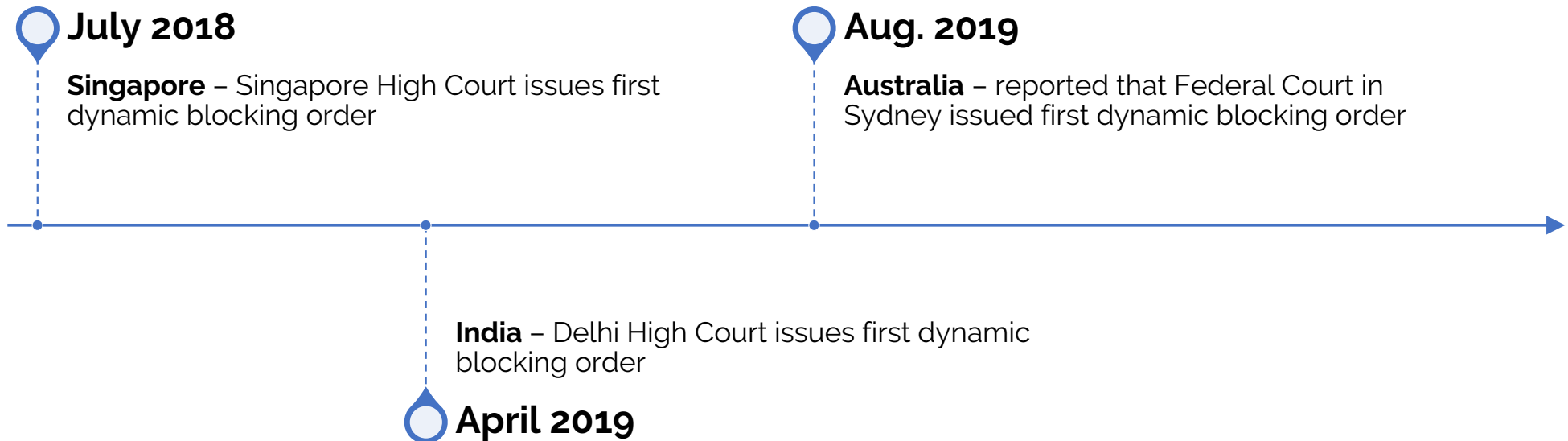
Total piracy visits declined by 7% after Wave 1, 10% after Wave 2, and 36% after Wave 3.

Highest decline was in visits to **P2P sites** – the main focus of blocking – which **declined by 51%** before and after blocking.

Source: Nielsen

Dynamic Blocks

Given the fast changing piracy landscape, website blocking orders should not only cover the present domain of a specific site but also future domains of the same site, mirror sites and proxy sites.



Dynamic website blocking orders already issued by courts in the **UK**, **Denmark** and the **Netherlands**

Specific questions

- **Fundamental Rights**

- Courts have confirmed that website blocking:
 - is a **proportionate measure** taken to protect copyright
 - strikes a **fair balance** between protecting IP and other fundamental rights
 - does not interfere with privacy rights

- **Costs**

- In vast majority of cases where Courts considered issue **ISPs ordered to pay costs of implementing blocks**



Website Blocking - Improvements for Asia

- **South Korea**

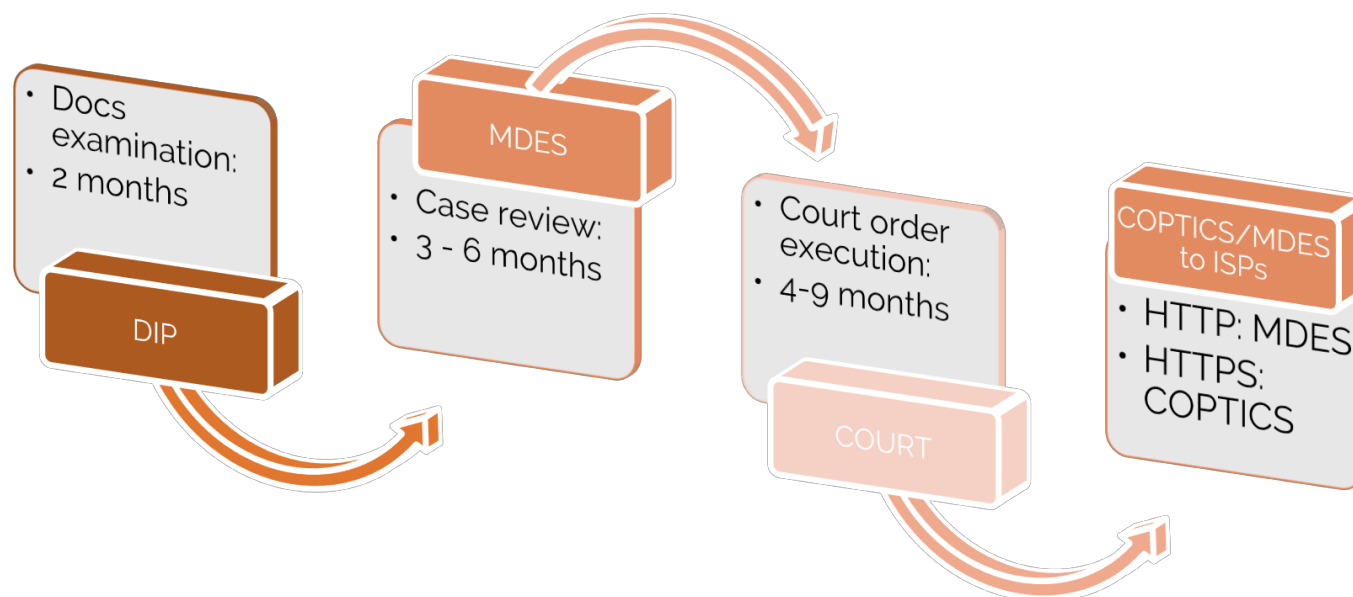
- new procedure under KCSC – slow, unreasonable evidentiary requirements

- **Japan**

- no legal basis for blocking



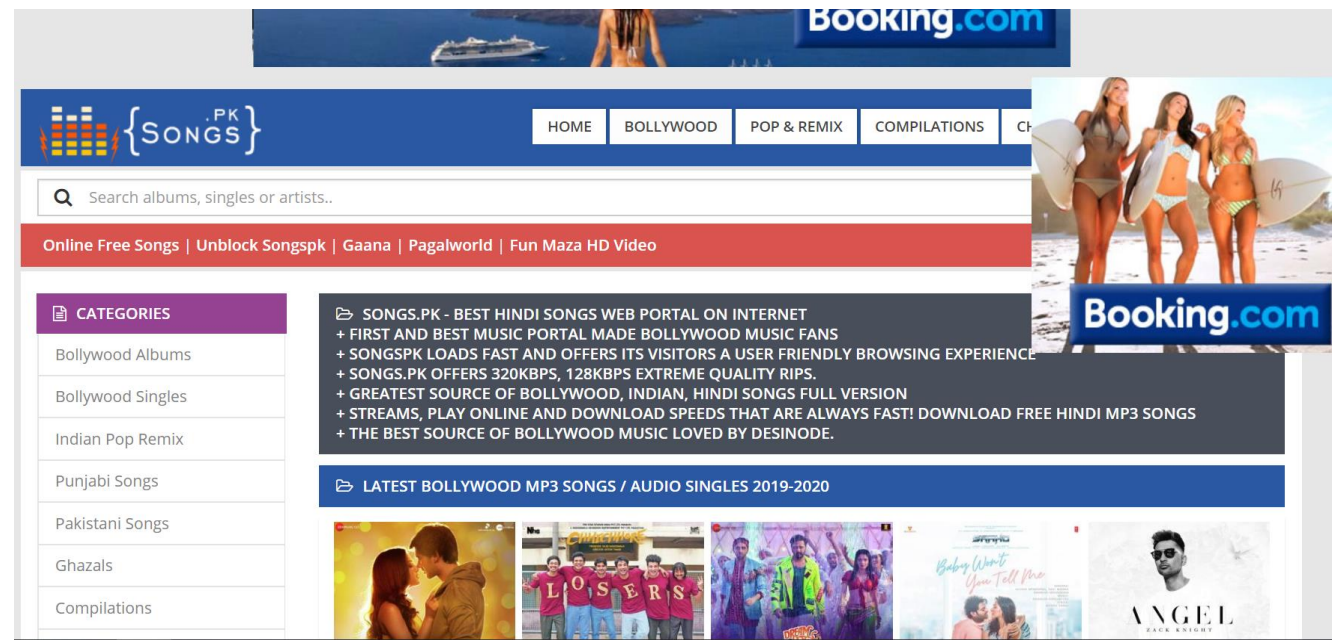
Website Blocking Process in Thailand



- few successful cases to date as cases remain pending for years
- little transparency
- blocking orders not implemented

Dynamic Blocking Orders Needed Songs.pk

Songspk.io
Songspk.name
Songspk.site
Songspk.online
Songspk.blog
Songspk.guru
Songspk.live
Songspk.so
Songspk.mobi(current)



Adequate Application of Safe Harbours

- Safe harbours - intended to strike a fair balance between the interests of ISPs and right holders – limitation on liability
- However, in recent years safe harbours have been abused. They should **not** apply to:
 - Structurally infringing sites/services deliberately exploit NTD system to maintain an illegal business model
 - Sites/services who are actively participating in distribution of content
- Safe harbours should only apply to “merely technical, automatic and passive” services



Notice and Stay Down

To be entitled to liability privileges, services must ensure that infringing content does not reappear once they have been notified and removed the initial infringing content

- Mere take down has proven to be ineffective
- Stay down obligation confirmed in:
 - CJEU in *L'Oreal*,
 - *Italian Supreme Court* in *RTE vs Yahoo!*
 - German Federal Court of Justice in *Rapidshare*
- Commercially available technologies exist to implement stay down



Co-operation from all Intermediaries

- Intermediaries play a crucial role in fight against online piracy.
- Often best placed to stop or prevent online copyright infringements.
- Applies to all types of intermediaries:
 - ISPs – website blocking
 - Domain Registrars – seize domains
 - Advertisers/Ad networks – don't place ads on pirate sites
 - Payment Providers – remove services from pirate sites
 - Search
- Better voluntary cooperation is required from all intermediaries



Thank you

jenny.wong@ifpi.org

