COPYRIGHT AND THE CREATIVE INDUSTRIES – ROLE OF COLLECTIVE SOCIETIES

Future Challenges
What are Creative Industries?

• “Cultural” industries (in continental Europe);
• “Creative” industries in UK;
• “Copyright-based” industries (in other countries)
• Activities that have their origin in individual creativity, skill and talent
• WIPO defines Core Copyright Industries as follows:
  – Press and Literature
  – Music, Theatrical Production and Opera
  – Motion Pictures and Video
  – Radio and Television
  – Photography
  – Software and Databases
  – Visual and Graphic Arts
  – Advertising Services
  – Copyright Collecting Societies
Contributions of Creative Industry to Economy

“Copyright Industries make significant contributions to the Singapore’s economy” …

Research by NUS Consulting commissioned by IPOS and IP Academy

• Findings of Study (in 2004):
  – Output: $35.5 billion
  – 5.7% of GDP
  – Value added: $8.7 billion
  – Employment: 5.8% of workforce
  – Domestic exports of copyrighted goods and services: $3.5 billion or 2.3% of GDP
Internet’s Impact on Creative Works

Internet is a game changer for book publishing, film and television, music and gaming (both opportunities and threats)

Recorded Music Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Global Sales (US$ billions)</th>
<th>Local Sales (US$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>8.7</td>
<td>3.6</td>
</tr>
<tr>
<td>2013</td>
<td>7.7</td>
<td>4.3</td>
</tr>
<tr>
<td>2014</td>
<td>6.8</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Source: IFPI
Internet’s Impact on Creative Works

- Consumption levels of creative products up
- Online media’s “for free” culture
- Vast opportunities for authors to disseminate their works
- Productivity improvement in the creative sectors
- Territorial nature of copyright applied in a borderless online environment
- New forms of piracy which are difficult to combat

**New ecosystem architecture emerging**
- Music – Spotify model?
- Movies – Netflix?
- Books – Amazon Kindle?
The Role of Collective Management Organisations

<table>
<thead>
<tr>
<th>CMOs have the following principal functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• License the use of the rights they manage</td>
</tr>
<tr>
<td>• Monitor the usage of works by licensee to</td>
</tr>
<tr>
<td>enforce the conditions upon which the licence</td>
</tr>
<tr>
<td>has been granted</td>
</tr>
<tr>
<td>• Collect and distribute the royalties payable as a result of the licensed use.</td>
</tr>
</tbody>
</table>
Flow of Rights

Foreign Authors’ Societies

Deed of Assignment / Contract

Local Authors & Publishers

Reciprocal Representation Agreement

Foreign Authors & Publishers

Licence to exploit copyrighted works (Local & Foreign)

Local Authors’ Society

Deed of Assignment / Licence

Users
Flow of Royalties

- Foreign Authors’ Societies
  - Foreign Authors & Publishers
    - Local Authors’ Society
      - Pay royalties
      - Deduct actual administration costs
      - Users
  - Local Authors & Publishers
    - Distribution
Revenue Figures Involving Authors’ Rights

Highlights of 2014 Collections

Amount CISAC member societies collected: 7.9 bn Euros

Music accounted for 87% of total collections

61% of total collections come from Europe

Performing rights accounted for 79% of total collections

11% growth in the BRIC countries

Digital & Media revenue year-on-year growth: +20%
Revenue Figures Involving Authors’ Rights

Total Collections by Type of repertoire

- Music: 6909 (87.2%)
- Audio Visual: 499 (6.1%)
- Literary: 190 (2.6%)
- Dramatic: 195 (2.4%)
- Visual Arts: 142 (1.5%)

Total Collections: 7725 (100%)

% share 2014
Revenue Figures Involving Authors’ Rights

2014 Share of Regions in Global Collections

- Africa: 1%
- Latin America: 7%
- Asia-Pacific: 15%
- Canada-USA: 17%
- Europe: 61%
2014 Collections Per Head of Population

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>Switzerland</td>
</tr>
<tr>
<td>2nd</td>
<td>Denmark</td>
</tr>
<tr>
<td>3rd</td>
<td>France</td>
</tr>
<tr>
<td>4th</td>
<td>Austria</td>
</tr>
<tr>
<td>5th</td>
<td>Finland</td>
</tr>
<tr>
<td>12th</td>
<td>UK</td>
</tr>
<tr>
<td>18th</td>
<td>Japan</td>
</tr>
<tr>
<td>24th</td>
<td>US</td>
</tr>
<tr>
<td>34th</td>
<td>Singapore</td>
</tr>
<tr>
<td>CMOs in Singapore</td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>---</td>
</tr>
</tbody>
</table>
| **Recording Industry Performance Singapore Pte Ltd (RIPS)** | • Established in 1998 by the record companies  
• Public performance of karaoke and music videos  
• Reproduction of sound recordings for various purposes  
• Turnover about S$2.8 million |
| **Copyright Licensing & Administration Society of Singapore Ltd (CLASS)** | • Established in 1999 by the academic book publishers and authors  
• Photocopying and e-copying of books, journals and periodicals  
• Turnover about $1.9 million |
| **Composers & Authors Society of Singapore (COMPASS)** | • Established in 1992 by music writers (composers and lyricists) and music publishers  
• Public performance, communication to the public (broadcast, cable transmission, making available) and reproduction of musical works  
• Turnover about S$22 million |
Problems faced by CMOs

- Declining value of copyright in online environment
- Territorial fragmentation (borderless internet world vs. national copyright systems)
- Fragmentation of licences
- “Opt out” mechanism subverting traditional approach of getting consent before commercial exploitation
- Enforcement issues
Copyleft Licences

• Grant users permission to reproduce, modify or adapt the original work
• Allow modifications to work if modified work is released with same licence
• AKA “viral”; “ShareAlike”
• Certain conditions may apply such as attribution; non-commercial; no derivative works
• Examples - Flickr, Sound Cloud
Way Forward

- Digital technologies continue to pose challenges and opportunities
- Demand for copyrighted works will increase
- Copyright and other related laws (competition, tax) need regular review to remain relevant
- CMOs remain the proven solution for management of online copyrights
THANK YOU