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Copyright "safe harbours" distort digital market, profit tech giants and harm creators, new economic study finds

Paris, France – February 27th, 2018 – Copyright "safe harbour" rules, drawn up a quarter of a century ago to help nurture early online commerce, are today distorting the digital market, profiting tech giants and leading to significant underpayment of copyright owners, a new US economic study says.

"Economic Analysis of Safe Harbour Provisions", by Ashbel Smith Professor Stan Liebowitz of the University of Texas at Dallas, is the most detailed economic examination to date of how copyright owners have been damaged by so-called "safe harbour" rules in copyright law.

The economic study has been commissioned by CISAC, the International Confederation of Societies of Authors and Composers. CISAC is the world's leading network of authors' societies, with 239 member societies in 121 countries together representing over 4 million creators of music, audiovisual, drama, literature and visual art.

Commenting on the study published today, CISAC Director General Gadi Oron said: "This study shows that copyright safe harbours, designed for a 20th century internet, urgently need re-examining in the 21st century. Instead of shielding internet companies that merely offer storage facilities, as was their original purpose, safe harbours are today being used to shield tech giants from rewarding creators for their work. This is not a problem that can be solved by industry alone – it is a responsibility for governments that care about the cultural and creative sector. Creators deserve 21st century laws that ensure fair payment for their work, not laws that cause the value of their works to be siphoned away to global tech companies. Technology has evolved, and the law should evolve with it".

Professor Liebowitz is a leading author, researcher and academic in the economics of intellectual property, networks and new technologies. Among the findings of his study are the following:

- Because of the safe harbours, User Upload Content services such as YouTube have "an inefficient and unfair advantage" when they negotiate rates for permission to use copyrighted works on their sites.

- As a result, UUCs either do not pay for copyright permissions or, if they pay something, they pay less than the market rate.

- Other online services (such as subscription services, e.g. Spotify and Apple Music) are at a competitive disadvantage when competing with UUC platforms. These services generate lower revenues and have a reduced user base, because of the distorting impact of safe harbours.

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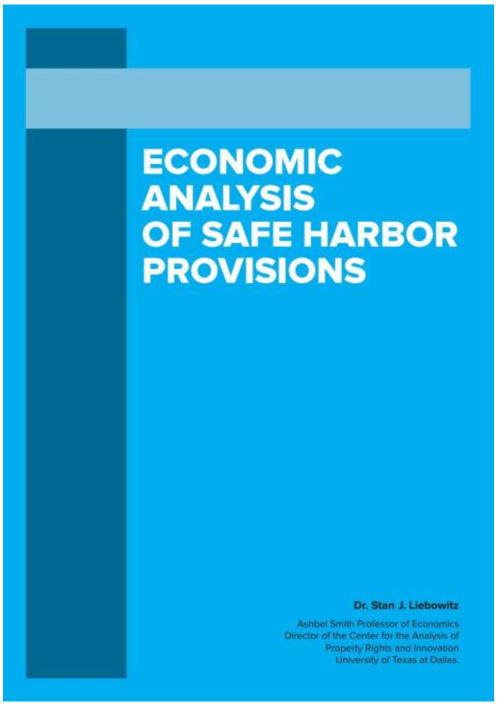
- As a net result, because of the distorting knock-on effect of safe harbours on the wider market for creative content, copyright owners are seeing reduced copyright payments from both UUC and other services. These reductions would appear to be "very substantial".

Attached*: One page summary of the study*



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About CISAC

CISAC – the International Confederation of Societies of Authors and Composers – is the world's leading network of authors' societies (also referred to as Collective Management Organisations, or CMOs).

With 239 member societies in 121 countries, CISAC represents over four million creators from all geographic regions and artistic repertoires including music, audiovisual, drama, literature and visual arts. CISAC is presided over by electronic music pioneer Jean-Michel Jarre and the organisation's vice-presidents are: Beninese singer Angélique Kidjo, Argentinean film director Marcelo Piñeyro, Spanish visual artist Miquel Barceló and Chinese film director, scriptwriter and producer Jia Zhang-ke.

CISAC protects the rights and represents the interests of creators worldwide. Founded in 1926, it is a non-governmental, not-for-profit organisation with headquarters in France and regional offices in Africa, Latin America, Asia-Pacific and Europe.

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