



Background information for media

10th March 2009

Governments address ISP cooperation in tackling online piracy around the world

Chronology of progress towards ISP cooperation:

- *November 2007:* The Olivennes Agreement in France saw the government support cooperation between the music and film industries and ISPs. The agreement recommended a system of graduated response to users who repeatedly infringe copyright online. Legislation is now being debated in the Assembly.
- *February 2008:* Courts in Denmark ordered Tele2, a leading ISP, to block users' access to The Pirate Bay, a service that indexes torrent files containing copyright infringing music.
- *April 2008:* New Zealand's government introduced a legal obligation on ISPs to terminate the internet accounts of repeat infringers.
- *April 2008:* In Japan, a consortium of ISP, music and film trade associations was formed to agree measures against copyright abuse on Japan's chief ISP network. National police and senior government representatives are observers on the forum.
- *July 2008:* Memorandum of Understanding between the recording industry and ISPs in the UK, backed by the government, was signed with the aim of achieving a "significant reduction" in the level of illegal file sharing.
- *August 2008:* A court in Finland required TeliaSonera, a leading ISP, to suspend the internet connection of a customer whose connection was used to upload a considerable number of infringing music files.
- *October 2008:* ISPs in the UK began a trial period of sending warning notices to serious copyright infringers
- *October 2008:* A Belgian court rejected a claim by Scarlet (the ISP formerly known as Tiscali) that filtering its network was impossible. The ISP has been liable for €2,500 every day from 1st November 2008 until it takes effective steps to curb its users' infringement of Belgian copyright law.
- *November 2008:* An appeal court in Denmark upheld the earlier verdict in the Tele2 case, requiring the ISP to block The Pirate Bay site.
- *December 2008:* The US recording industry announced it was working with the Attorney General of New York State and leading ISPs on a series of voluntary online anti-piracy initiatives. In a separate and parallel move, the RIAA and several leading

ISPs agreed on principles under which ISPs will take responsibility to send notices and institute a programme of escalating sanctions for subscribers who are repeat copyright infringers.

- *December 2008:* The Italian Parliament adopted a resolution to follow other initiatives developed in Europe to step up ISP cooperation in curbing piracy.
- *January 2009:* music companies and Irish ISP Eircom agreed a joint approach to stop peer-to-peer copyright infringement. Eircom agreed to implement a three-step graduated response process by which it will warn infringing subscribers and ultimately disconnect the account of those ignoring warnings.
- *January 2009:* the UK government's Digital Britain Report sets out the intent to legislate to require ISPs to (1) notify alleged infringers that their conduct is unlawful, and (2) collect anonymised information on serious repeat infringers, to be made available to right holders on receipt of a court order. The Government is also exploring the creation of a Rights Agency to work to encourage legal use of music, prevent infringement and find technical solutions. The final Report is expected summer 2009

The reinvention of the music business in the digital environment

- Digital channels now account for around 20 per cent of overall music sales and were valued at US\$3.7 billion in 2008 – compared to virtually zero six years ago. The recorded music industry generates a greater proportion of its revenues through digital sales than the film, magazine and newspaper industries combined.
- There are more than 400 licensed, legal online music services worldwide with over ten million tracks licensed to the major services. At the same time, new “music access” models are being developed, revolutionising the options for consumers.
- Music companies are extending the download sales model to embrace subscription services, social networking sites, mobile services, brand partnerships, direct-to-consumer sites and advertising-supported streaming services.
- A number of ISPs have partnered with record companies to offer advanced music services to their customers. Sky in the UK, Neuf Cegetel in France and TDC in Denmark are among those who are pioneering this market.
- Consumer demand for music is higher than ever even though deriving commercial value for it is more difficult than ever. NPD research found that total music consumption in the US rose by one third between 2003 and 2007. Nielsen Soundscan reported overall sales were at an all-time high in the US in 2008.
- For an overview of developments internationally see IFPI's Digital Music Report, published January 2009 :http://www.ifpi.org/content/section_resources/dmr2009.html