



CCC SUBMISSION TO THE LABOUR CREATIVE INDUSTRIES AND DIGITAL POLICY REVIEW

KEY POINTS SUMMARY

- Labour in government championed the creative industries and made important interventions, particularly with the Communications and Digital Economy Acts.
- The sector is now the fastest growing in the UK economy and responsible for 1.7million jobs.
- To support this growth, the sector needs an industrial strategy that recognises and supports its strengths, particularly in content creation.
- With a high proportion of small businesses (the sector is 84% SME) and self employed people, every part of the creative value chain is dependent on making a return on its investment: in terms of time, money and talent.
- A robust copyright regime is critical to ensuring that creative people and creative companies can earn a living from what they create and continue to deliver a global success story that benefits the UK economically, socially and culturally.
- Government policy can help by creating a supportive environment for new businesses providing legal content online, and supporting efforts to tackle online copyright infringement, including educational programmes, site blocking and the Police Intellectual Property Crime Unit.
- Alongside rights holders, ISPs, payment providers and advertisers are all beginning now to play their part in tackling online infringement. A Labour government should encourage the rest of the online world to join in, including internet search services, who should do more to remove the most serious copyright infringing sites from their search listings.

BACKGROUND

The Creative Coalition Campaign (CCC) is a strategic partnership that brings together rights holders, trade unions and professional bodies across the UK's creative industries. Its membership includes 31 leading organisations in the film, music, publishing, TV, and sport sectors; as well as trade bodies and trade unions. The CCC was formed in August 2009 to represent the rights of the UK's creative sector and press for effective measures to combat online copyright infringement.

The CCC has always campaigned to protect copyright online and to raise awareness of the importance of copyright in incentivising and rewarding investment in creative works. A robust copyright framework is a pre-requisite for incentivising creators to invest their time, energy and money in high quality creative works that are enjoyed by millions of consumers across the UK.

We would therefore like to take this opportunity to highlight some key considerations for the Review team to take into account.

A. RECOGNISING THE CONTRIBUTION OF THE CREATIVE INDUSTRIES TO THE ECONOMY

We call on a future Labour government to prioritise the creative industries as a sector

Labour in government championed the notion of the creative industries and made important interventions, particularly with the Communications Act (2003) and Digital Economy Act (2010). The sector is now the fastest growing in the UK economy, with recent figures from the UK's Department for Culture, Media and Sport showing that the creative industries were worth £71.4 billion to the UK economy in 2012, employed 1.68 million people, and exported services worth £15.5 billion. To support this growth, the sector needs an industrial strategy that recognises and supports its strengths, particularly in content creation.

Labour can support the creative industries by ensuring robust copyright laws

A strong copyright regime underpins the success of the creative industries and, in turn, supports the production of diverse quality content for the benefit of consumers. With a high proportion of small businesses (84% SME) and self employed people, every part of the creative value chain is dependent on making a return on its investment: in terms of time, money and talent.

A robust copyright regime is critical to ensuring that creative people and creative companies can earn a living from what they create and continue to deliver a global success story that benefits the UK economically, socially and culturally.

Proposals to reform copyright, including the introduction of new exceptions to copyright, are currently under consideration both in the UK and in the EU. It is vital that any changes to the copyright regime do not risk undermining the strength or competitiveness of our creative industries. If copyright exceptions are broadened or multi-territoriality mandated, for example, this could focus distribution power in the hands of a few global companies to the detriment of innovative start-up companies, reducing consumer choice and value for creators. The British Government should use its position in the EU to protect intellectual property rights, not see them undermined.

Take a thorough, evidence-based approach to copyright

The UK Government has spent nearly four years considering options for reform to the copyright regime domestically and has still not announced its final proposals in key areas such as changes to copyright exceptions. This process has been characterised by a casual approach to evidence presented in favour of the case for reform, with estimates for the benefits of key reforms downgraded from up to £2.6bn per annum to as little as £22.9m. Even this reduced figure does not take into account the potential harm these changes could cause to rights holders.

There are two key lessons that the Labour Party should take from this process. Firstly, a thorough evidence-based approach must be taken, which fully recognises the existing value of the creative industries and carefully considers any potential negative effects on this sector. It must also avoid inflating the case for growth and innovation from weakening the copyright system.

Labour Party policy should create a supportive environment for new businesses providing legal content to consumers online

New digital innovations mean that there are many avenues for consumers to obtain legal, digital copies of content to buy for their own use across devices. The purchase of a CD or DVD now often includes

access to a digital copy. Additionally, services such as iTunes, Netflix, Blinkbox, Ultraviolet and Spotify allow legal access (streaming and downloading) to digital content from multiple personal devices such as laptops, tablets, smartphones and TVs.

There are currently more than 30 digital services available in the UK providing consumers with on-demand access to legal content online. Many of those services provide for multiple copies on different devices when consumers are purchasing content. This represents a significant transformation of the technological and, therefore, commercial landscape in recent years. This places the UK ahead of France and Germany (which have private copy exceptions) and trailing only the US (which does not). Labour Party policy should support the market for new digital content services.

The recent growth of new and innovative digital services has occurred under the existing legal framework. This allows creators to license their content to new services and to make a return. Weakening copyright laws will threaten the viability of existing services and create a disincentive for businesses wishing to continue to innovate by investing in new distribution models and new content businesses. It would interfere with the licensing process underpinning these new services and risks undermining the incentive to further develop new digital services.

Competitive tax incentives for the creative industries should be continued and protected in order to ensure the UK remains an attractive place to do business

Between 2009 and 2011, exports of the creative industry's services grew by 16.1 per cent, compared to 11.5 per cent for UK service exports overall. UK creative content is a global success story, second only to the US in areas such as film and music. However, there is strong competition from other countries, especially those with more effective industrial policies. The Labour Party should continue and protect competitive tax incentives to ensure the UK remains an attractive place to do business.

B. TACKLING ONLINE COPYRIGHT INFRINGEMENT

Labour Party policy can support the creative industries in their efforts to tackle online copyright infringement

The Labour Party should support the following measures to tackle online copyright infringement. In addition, Labour should continue to have an open dialogue with rights holders on the issue, as technology evolves and new challenges arise.

- **Educational programmes:** Continued delays to the implementation of the Digital Economy Act (DEA) have been very frustrating. It is critical that a consumer education programme based on the sending of informative notices to consumers can be established to raise awareness of the harm of online copyright infringement and of the availability of legal online entertainment services. Rights-holders are currently in discussions with Internet Service Providers (ISPs) with the ambition to implement an educational initiative highlighting the value of copyright and advising consumers about legal content offerings. The initiative would encompass both a consumer awareness campaign and a system of facilitating the sending of educational notices

to ISP subscribers whose networks have been used to access copyright infringing material. These are voluntary discussions between representatives of creative industries and internet companies and any scheme would have appropriate consumer protection measures.

- **Site Blocking:** Section 97a of the Copyright Design and Patents Act has allowed rights holders to take court-sanctioned action to block unlawful activity. This is a useful and effective measure and should be supported.
- **PIPCU:** The creative community welcomed the establishment of the Police Intellectual Property Crime Unit (PIPCU) within the City of London Police. The unit has made excellent progress working with the creative industries as well as the advertising industry and payment processors to close down funding streams for pirate websites and make it more difficult for them to operate. Labour Party recognition of the value of PIPCU's work will be important to ensure its funding is maintained in the long-term.

With the rights holders, ISPs, payment providers and advertisers all playing their part to tackle online infringement, the Labour Party should now encourage search engines to do their bit and take action to remove the most serious copyright infringing sites from their search listings.

Search engines such as Google play a key role in facilitating online copyright infringement. A recent study commissioned by the Motion Picture Association found that search engines play a significant role in directing people to infringing material online, especially for the first time. The current system of 'notice and takedown' which requires right holders to request the removal of individual links to copyrighted content is clearly not adequate. Search engines should take further action to remove the most serious copyright infringing sites from their search listings. More action is urgently needed in this area and we would urge a Labour government to take a stronger position with companies such as Google who have consistently failed to live up to their responsibilities to provide a responsible online environment for consumers.

Labour should promote copyright protection and enforcement overseas

The capacity of UK creative companies to export digital content overseas is critically dependent on the presence a secure copyright environment in target countries. The network of IP attachés should be expanded and the UKTI and the IPO should promote strong messages on copyright protection and enforcement abroad.